

# American Physicians<sup>SM</sup>

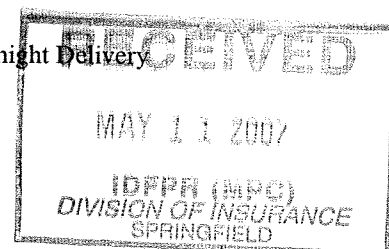
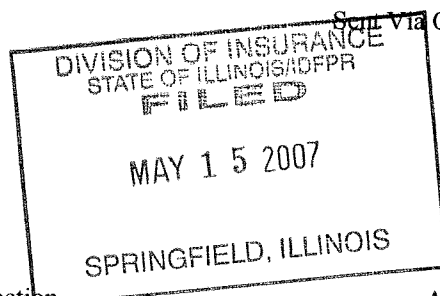
ASSURANCE CORPORATION

*Practices That Set The Standard*

May 10, 2007

Michael T. McRaith  
Director of Insurance  
Illinois Division of Insurance  
320 West Washington Street, 4th Floor  
Springfield, IL 62676

Attention: Property & Casualty Section  
Gayle Neuman



APA's Filing No.: IL-2007-02  
NAIC No.: 33006  
Company FEIN: 38-2102867

Dear Ms. Neuman:

Subject: Professional Medical Malpractice Liability  
Program: Health Care Providers Professional Liability Program  
Type: Rate/Rule Filing  
Effective Date: May 15, 2007

This is to advise that American Physicians Assurance Corporation wishes to place on file the below outlined revisions to its Health Care providers Professional Liability Program (HCP-PL). All changes are being disclosed via this cover letter, the NAIC transmittal document and the rate/rule checklist. We are requesting an effective date of May 15, 2007.

The following items are completed and attached:

1. Rate Review Requirements Checklist.
2. NAIC Transmittal Document.
3. Signed Illinois Certification for Medical Malpractice Rates.
4. Duplicate copies of RF-3.
5. Rate/Rule Manual Pages have been updated to reflect the addition of one healthcare facility class – X-Ray / Imaging Laboratory, Specialty Code 88526 rated based upon \$1000 receipts. Copies of the manual pages have been attached including a final draft version and a highlighted version.
6. A copy of our Countrywide manual is attached as per request from previous filing.
7. Self-addressed stamped envelope to return a copy of the approved filing to my attention.

If you should have any questions, please contact me at 1-800-748-046, extension 6849 or e-mail me at [pedgington@apassurance.com](mailto:pedgington@apassurance.com). Thank you for your assistance in this matter.

Sincerely,

*Patty Edgington*  
Patty Edgington, AU  
Compliance Manager

Enclosures

## ILLINOIS SUMMARY SHEET

### FORM RF-3

Change in Company's premium or rate level produced by rate revision effective: 5-15-07 (Adding Healthcare facility class only)

| (1)<br>Coverage  | (2)<br>Annual Premium<br>Volume (Illinois)* | (3)<br>Percent<br>Change (+ or -)** |
|--|---|-------------------------------------|
| 1. Automobile Liability<br>Private Passenger<br>Commercial       |   |                                     |
| 2. Automobile Physical Damage<br>Private Passenger<br>Commercial |   |                                     |
| 3. Liability Other than Auto                                     |   |                                     |
| 4. Burglary and Theft  |   |                                     |
| 5. Glass   |   |                                     |
| 6. Fidelity  |   |                                     |
| 7. Surety  |   |                                     |
| 8. Boiler and Machinery  |   |                                     |
| 9. Fire  |   |                                     |
| 10. Extended Coverage  |   |                                     |
| 11. Inland Marine  |   |                                     |
| 12. Homeowners   |   |                                     |
| 13. Commercial Multi-Peril                                       |   |                                     |
| 14. Crop Hail  |   |                                     |
| 15. Workers Compensation   |   |                                     |
| 16. <u>Other: Medical Malpractice</u>                            | 54,535,726 estimated                        | 0%                                  |
| Line of Insurance  |   |                                     |

*Health Care Providers*

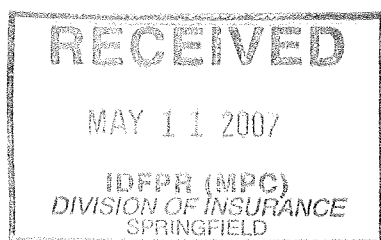
Does filing only apply to certain territory (territories or certain classes)? If so, specify: N/A

Brief description of filing (if filing follows rates of an advisory organization, specify organization):

This filing revises our specialty rates, territorial plan, increased limits aggregates, professional corporation charges, vicarious limit charges, and updates the manual to be in complete compliance with the rate/rule filing checklist.

\* Adjusted to reflect all prior rate changes.

\*\* Change in Company's premium level which will result from application of new rates.



American Physicians Assurance Corporation

Name of Company


*Patty Edgington*  
Patty Edgington, Compliance Manager

ILLINOIS CERTIFICATION FOR  
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

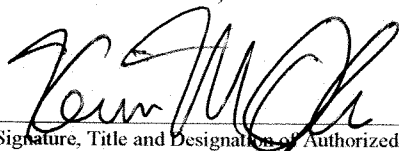
I, R. Kevin Clinton, a duly authorized officer of, American Physicians Assurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the Company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Kevin M. Dyke, FCAS, MAAA, a duly authorized actuary of, American Physicians Assurance Corporation, am authorized to certify on behalf of American Physicians Assurance Corporation making this filing that the Company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

  
Signature and Title of Authorized Insurance Company Officer

5/2/07  
Date

R. Kevin Clinton, President/CEO

  
Signature, Title and Designation of Authorized Actuary

5/2/07  
Date

Kevin M. Dyke, FCAS, MAAA, Chief Actuary

Insurance Company FEIN: 38-2102867

Filing Number: IL-2007-02

Insurers' Address: 1301 N. Hagadorn Road, PO Box 1471

City: East Lansing

State: MI

Zip Code: 48826-1471

Contact Person Information:

Name and e-mail: Patty Edgington, Compliance Manager pedgington@apassurance.com

Telephone Number: 517-324-6849 Fax: 517-333-8232

## ILLINOIS SUMMARY SHEET

### FORM RF-3

Change in Company's premium or rate level produced by rate revision effective: 5-15-07 (Adding Healthcare facility class only)

| (1)<br>Coverage                       | (2)<br>Annual Premium<br>Volume (Illinois)* | (3)<br>Percent<br>Change (+ or -)** |
|---------------------------------------|---|-------------------------------------|
| 1. Automobile Liability               |   |                                     |
| Private Passenger                     |   |                                     |
| Commercial                            |   |                                     |
| 2. Automobile Physical Damage         |   |                                     |
| Private Passenger                     |   |                                     |
| Commercial                            |   |                                     |
| 3. Liability Other than Auto          |   |                                     |
| 4. Burglary and Theft                 |   |                                     |
| 5. Glass                              |   |                                     |
| 6. Fidelity                           |   |                                     |
| 7. Surety                             |   |                                     |
| 8. Boiler and Machinery               |   |                                     |
| 9. Fire                               |   |                                     |
| 10. Extended Coverage                 |   |                                     |
| 11. Inland Marine                     |   |                                     |
| 12. Homeowners                        |   |                                     |
| 13. Commercial Multi-Peril            |   |                                     |
| 14. Crop Hail                         |   |                                     |
| 15. Workers Compensation              |   |                                     |
| 16. <u>Other: Medical Malpractice</u> | 54,535,726 estimated                        | 0%                                  |
| Line of Insurance                     |   |                                     |

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Brief description of filing (if filing follows rates of an advisory organization, specify organization):

This filing revises our specialty rates, territorial plan, increased limits aggregates, professional corporation charges, vicarious limit charges, and updates the manual to be in complete compliance with the rate/rule filing checklist.

\* Adjusted to reflect all prior rate changes.

\*\* Change in Company's premium level which will result from application of new rates.

American Physicians Assurance Corporation

Name of Company

*Patty Edgington*

Patty Edgington, Compliance Manager

## Property &amp; Casualty Transmittal Document

**1. Reserved for Insurance  
Dept. Use Only****2. Insurance Department Use only**

a. Date the filing is received:

b. Analyst:

c. Disposition:

d. Date of disposition of the filing:

e. Effective date of filing:

New Business

Renewal Business

f. State Filing #:

g. SERFF Filing #:

h. Subject Codes

**3. Group Name**

APCapital Group, Inc.

**Group NAIC #**

0966

**4. Company Name(s)****Domicile****NAIC #****FEIN #****State #**

American Physicians Assurance Corp

Michigan

33006

38-2102867

967543-51

**5. Company Tracking Number**

IL-2007-02

**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]**6. Name and address**Patty Edgington, 1301 N.  
Hagadorn Rd., PO Box  
1471, East Lansing, MI  
48826-1471**Title**Compliance  
Manager**Telephone #s**800-748-0465,  
ext 6849 or  
517-324-6849**FAX #**

517-333-8232

**e-mail**pedgington@  
apassurance.com**7. Signature of authorized filer***Patty Edgington***8. Please print name of authorized filer**

Patty Edgington

**Filing information** (see General Instructions for descriptions of these fields)**9. Type of Insurance (TOI)**

Medical Malpractice 11.000

**10. Sub-Type of Insurance (Sub-TOI)**

Claims-Made 11.10000

**11. State Specific Product code(s)(if applicable)[See State Specific Requirements]**

Physicians and Surgeons 11.0023

**12. Company Program Title (Marketing title)**

Health Care Providers Professional Liability Program

**13. Filing Type**[ ] Rate/Loss Cost [ ] Rules [x] Rates/Rules  
[ ] Forms [ ] Combination Rates/Rules/Forms  
[ ] Withdrawal [ ] Other (give description)**14. Effective Date(s) Requested**

New: 5-15-07

Renewal:

5-15-07

**15. Reference Filing?**

[ ] Yes [x] No

**16. Reference Organization (if applicable)**

N/A

**17. Reference Organization # & Title****18. Company's Date of Filing**

5-10-07

**19. Status of filing in domicile**

[ ] Not Filed [ ] Pending [x] Authorized [ ] Disapproved

**ATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

|    |   |            |
|----|---|------------|
| 1. | <b>This filing transmittal is part of Company Tracking #</b>  | IL-2007-02 |
| 2. | <b>This filing corresponds to form filing number</b><br>(Company tracking number of form filing, if applicable) | N/A        |

☐ Rate Increase      ☐ Rate Decrease      x      Rate Neutral (0%)

|    |  |              |
|----|--|--------------|
| 3. | <b>Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.)</b> | File and Use |
|----|--|--------------|

| 4a.                                       | <b>Rate Change by Company (As Proposed)</b>  |                       |   |  |                                  |                                   |                                   |
|---|--|-----------------------|---|--|----------------------------------|-----------------------------------|-----------------------------------|
| Company Name                              | Overall % Indicated Change (when applicable) | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change (where required) | Minimum % Change (where required) |
| American Physicians Assurance Corporation | 0  | 0                     | 0                                       | 0  |                                  |                                   |                                   |
|   |  |                       |   |  |                                  |                                   |                                   |

| 4b.          | <b>Rate Change by Company (As Accepted) For State Use Only</b> |                       |   |  |                                  |                  |                  |
|--------------|--|-----------------------|---|--|----------------------------------|------------------|------------------|
| Company Name | Overall % Indicated Change (when applicable)                   | Overall % Rate Impact | Written premium change for this program | # of policyholders affected for this program | Written premium for this program | Maximum % Change | Minimum % Change |
|              |  |                       |   |  |                                  |                  |                  |
|              |  |                       |   |  |                                  |                  |                  |

| 5. Overall Rate Information (Complete for Multiple Company Filings only) |   |             |           |
|--|---|-------------|-----------|
|  |   | COMPANY USE | STATE USE |
| 5a   | Overall percentage rate indication (when applicable)            | 0           |           |
| 5b   | Overall percentage rate impact for this filing                  | 0           |           |
| 5c   | Effect of Rate Filing – Written premium change for this program | 0           |           |
| 5d   | Effect of Rate Filing – Number of policyholders affected        | 0           |           |

|    |   |              |
|----|---|--------------|
| 6. | <b>Overall percentage of last rate revision</b>                                       | -14.0%       |
| 7. | <b>Effective Date of last rate revision</b>   | 3-1-07       |
| 8. | <b>Filing Method of Last filing (Prior Approval, File &amp; Use, Flex Band, etc.)</b> | File and Use |

| 9. | Rule # or Page # Submitted for Review | Replacement or withdrawn?                   | Previous state filing number, if required by state |
|----|---------------------------------------|---|--|
| 01 | Pages IL-1 through pages IL-10        | [ ] New<br>[x] Replacement<br>[ ] Withdrawn | IL-2007-01   |
| 02 |                                       | [ ] New<br>[ ] Replacement<br>[ ] Withdrawn |  |

**Property & Casualty Transmittal Document—**

|            |  |            |
|------------|--|------------|
| <b>20.</b> | <b>This filing transmittal is part of Company Tracking #</b>   | IL-2007-02 |
| <b>21.</b> | <b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text] |            |

Rate/Rule Manual Pages have been updated to reflect the addition of one healthcare facility class – X-Ray / Imaging Laboratory, Specialty Code 88526 rated based upon \$1000 receipts. Copies of the manual pages have been attached including a final draft version and a highlighted version. This change is being requested to be effective May 15, 2007.

|  |   |
|--|---|
| <b>22.</b>   | <b>Filing Fees</b> (Filer must provide check # and fee amount if applicable)<br>[If a state requires you to show how you calculated your filing fees, place that calculation below] |
| <b>Check #:</b><br><b>Amount: N/A</b>  |   |
| <b>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</b> |   |

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

American Physicians Assurance Corporation  
Medical Professional Liability – Illinois  
(X-Ray Imaging/Laboratory Rates effective 5/15/2007)  
Actuarial Memorandum

With this filing, the American Physicians Assurance Corporation (American Physicians) introduces rates for X-Ray Imaging/Laboratories for use in Illinois. Currently we only have X-Ray Imaging/Laboratory rates filed in the state of Michigan. Due to limited availability of data, we have derived the rates for Illinois based on the relationship between radiologist rates in the two states. Radiologists are the primary users of X-Ray Imaging/Laboratories and their prevailing rates in each state represent a good proxy for the expected relationship for X-Ray Imaging/Laboratory rates between the states. The rate is based on gross receipts (per thousand) for the facility.

The attached Exhibit 1 shows the derivation of the X-Ray Imaging/Laboratory rates for the state of Illinois. Note that the proposed rate is the same for all territories. This follows our procedures in Michigan where our rates for X-Ray Imaging/Laboratory do not deviate by territory.

As this filing represents the introduction of new rates, the impact of this change on current insureds is 0.0%.

Submitted respectfully by,



Kevin M. Dyke, FCAS, MAAA  
Vice President and Chief Actuary  
American Physicians Assurance Corporation  
May 9, 2007



# American Physician Assurance Corporation

Exhibit 1

## Illinois Professional Liability

Development of X-Ray Imaging/Laboratory Rates

Effective 5/15/2007

|                   |   |
|-------------------|---|
| <b>Specialty:</b> | <b>88856 - X-Ray/Imaging Laboratory</b> |
| <b>Limit:</b>     | 1,000,000 / 4,000,000                   |
| <b>Coverage:</b>  | Mature Claims Made                      |

Average Rate for Radiologists (Diagnostic - No Surgery, Specialty Code 253 )

|                                  |              |            |
|----------------------------------|--------------|------------|
| Michigan                         | 29,428       | (1)        |
| Illinois                         | 39,723       | (2)        |
| <b>Statewide rate relativity</b> | <b>1.350</b> | <b>(3)</b> |

Average rate for X-Ray/Imaging Laboratory in Michigan 5.50 (4)

|  |             |            |
|--|-------------|------------|
| <b>Average rate for X-Ray/Imaging Laboratory in Illinois</b> | <b>7.43</b> | <b>(5)</b> |
|--|-------------|------------|

### Notes:

- (1) Based on American Physicians manual rates and AMA distribution of radiologists by Michigan county
- (2) Based on American Physicians manual rates and AMA distribution of radiologists by Illinois county
- (3) Equals (2) / (1)
- (4) From American Physicians rate manual for Michigan effective 1/1/2006
- (5) Equals (3) x (4)

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance

Illinois

**XII. RATES, STATE RULES EXCEPTIONS--Illinois HIGHLIGHTED VERSION**

**A. Illinois Rating Territories**

| <b>Territory Code</b> | <b>Territory Description</b>   | <b>Territory Factor</b> |
|-----------------------|--|-------------------------|
| 1                     | Cook, Madison and St. Clair Counties                                 | 1.000                   |
| 2                     | Jackson, Vermilion and Will Counties                                 | 0.870                   |
| 3                     | DuPage, Kane, Lake, McHenry and Winnebago Counties                   | 0.800                   |
| 4                     | Champaign, Macon and Sangamon Counties                               | 0.630                   |
| 5                     | Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties | 0.720                   |
| 6                     | Remainder of State   | 0.540                   |
| 7                     | Peoria County  | 0.480                   |

B. Mature Claims-Made Rates - Countrywide Manual Section II. General Rules, Rule A. Rates – is amended to read: Premiums are calculated by using the mature claims-made base rates, as shown below with limits of \$1,000,000/\$4,000,000 and by applying applicable claims-made maturity factors or other coverage option factors.

| <b>Specialty Code</b> | <b>ILFs Alpha Code</b> | <b>Specialty Description</b>           | <b>Terr. 1</b> | <b>Terr. 2</b> | <b>Terr. 3</b> | <b>Terr. 4</b> | <b>Terr. 5</b> | <b>Terr. 6</b> | <b>Terr. 7</b> |
|-----------------------|------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 229                   |                        | Addictionology                         | 18,707         | 16,275         | 14,965         | 11,785         | 13,469         | 10,102         | 8,979          |
| 230                   |                        | Aerospace Medicine                     | 26,722         | 23,249         | 21,378         | 16,835         | 19,240         | 14,430         | 12,827         |
| 254                   |                        | Allergy                                | 19,133         | 16,646         | 15,306         | 12,054         | 13,776         | 10,332         | 9,184          |
| 151                   |                        | Anesthesiology                         | 47,006         | 40,895         | 37,605         | 29,614         | 33,845         | 25,383         | 22,563         |
| 196                   |                        | Anesthesiology – Pain Management       | 47,006         | 40,895         | 37,605         | 29,614         | 33,845         | 25,383         | 22,563         |
| 255                   |                        | Cardiovascular Disease – No Surgery    | 30,786         | 26,784         | 24,629         | 19,395         | 22,166         | 16,624         | 14,777         |
| 281                   |                        | Cardiovascular Disease - Minor Surgery | 64,149         | 55,810         | 51,319         | 40,414         | 46,187         | 34,641         | 30,792         |
| 256                   |                        | Dermatology                            | 21,809         | 18,974         | 17,447         | 13,739         | 15,702         | 11,777         | 10,468         |
| 282                   |                        | Dermatology – Minor Surgery            | 39,336         | 34,223         | 31,469         | 24,782         | 28,322         | 21,242         | 18,881         |
| 237                   |                        | Diabetes – No Surgery                  | 28,974         | 25,207         | 23,179         | 18,254         | 20,861         | 15,646         | 13,907         |
| 271                   |                        | Diabetes – Minor Surgery               | 42,818         | 37,252         | 34,255         | 26,975         | 30,829         | 23,122         | 20,553         |
| 102                   | S                      | Emergency Medicine – No Major Surgery  | 106,801        | 92,917         | 85,441         | 67,285         | 76,897         | 57,672         | 51,264         |
| 238                   |                        | Endocrinology – No Surgery             | 27,610         | 24,020         | 22,088         | 17,394         | 19,879         | 14,909         | 13,253         |
| 272                   |                        | Endocrinology – Minor Surgery          | 40,801         | 35,497         | 32,641         | 25,705         | 29,377         | 22,033         | 19,585         |

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance

Illinois

| Specialty Code | ILFs Alpha Code | Specialty Description   | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
| 420            |                 | Family/General Practitioners – No Surgery                         | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |
| 421            |                 | Family/General Practitioners – Minor Surgery                      | 50,206  | 43,680  | 40,165  | 31,630  | 36,149  | 27,111  | 24,099  |
| 521            |                 | Family/General Practitioners – Minor Surgery – 0 to 24 deliveries | 51,002  | 44,372  | 40,801  | 32,131  | 36,721  | 27,541  | 24,481  |
| 240            |                 | Forensic or Legal Medicine  | 18,707  | 16,275  | 14,965  | 11,785  | 13,469  | 10,102  | 8,979   |
| 241            |                 | Gastroenterology – No Surgery                                     | 46,458  | 40,418  | 37,166  | 29,268  | 33,449  | 25,087  | 22,300  |
| 274            |                 | Gastroenterology – Minor Surgery                                  | 49,543  | 43,102  | 39,634  | 31,212  | 35,671  | 26,753  | 23,781  |
| 231            |                 | General Preventive Medicine – No Surgery                          | 17,571  | 15,286  | 14,056  | 11,069  | 12,651  | 9,488   | 8,434   |
| 243            |                 | Geriatrics – No Surgery   | 31,829  | 27,691  | 25,463  | 20,052  | 22,917  | 17,188  | 15,278  |
| 276            |                 | Geriatrics – Minor Surgery  | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 244            |                 | Gynecology – No Surgery   | 27,201  | 23,665  | 21,761  | 17,137  | 19,585  | 14,689  | 13,057  |
| 277            |                 | Gynecology – Minor Surgery  | 43,614  | 37,944  | 34,891  | 27,477  | 31,402  | 23,551  | 20,934  |
| 245            |                 | Hematology – No Surgery   | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |
| 278            |                 | Hematology – Minor Surgery  | 53,336  | 46,402  | 42,668  | 33,601  | 38,402  | 28,801  | 25,601  |
| 283            |                 | Hospitalist/Intensive Care Medicine                               | 41,690  | 36,271  | 33,352  | 26,265  | 30,017  | 22,513  | 20,011  |
| 232            |                 | Hypnosis  | 16,566  | 14,412  | 13,253  | 10,436  | 11,927  | 8,946   | 7,952   |
| 246            |                 | Infectious Diseases – No Surgery                                  | 54,527  | 47,439  | 43,622  | 34,352  | 39,260  | 29,445  | 26,173  |
| 279            |                 | Infectious Diseases – Minor Surgery                               | 85,948  | 74,775  | 68,758  | 54,147  | 61,882  | 46,412  | 41,255  |
| 283            |                 | Intensive Care Medicine/Hospitalist                               | 41,690  | 36,271  | 33,352  | 26,265  | 30,017  | 22,513  | 20,011  |
| 257            |                 | Internal medicine – No Surgery                                    | 50,464  | 43,904  | 40,371  | 31,792  | 36,334  | 27,251  | 24,223  |
| 284            |                 | Internal medicine – Minor Surgery                                 | 65,700  | 57,159  | 52,560  | 41,391  | 47,304  | 35,478  | 31,536  |
| 258            |                 | Laryngology – No Surgery  | 32,176  | 27,993  | 25,741  | 20,271  | 23,167  | 17,375  | 15,445  |
| 285            |                 | Laryngology – Minor Surgery                                       | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |
| 801            |                 | Manipulative Medicine   | 19,244  | 16,742  | 15,395  | 12,123  | 13,855  | 10,392  | 9,237   |
| 471            |                 | Neonatology - No Surgery  | 72,361  | 62,954  | 57,889  | 45,588  | 52,100  | 39,075  | 34,733  |
| 476            |                 | Neonatology – Minor Surgery                                       | 90,453  | 78,694  | 72,363  | 56,986  | 65,126  | 48,845  | 43,418  |
| 259            |                 | Neoplastic Diseases – No Surgery                                  | 38,196  | 33,231  | 30,557  | 24,064  | 27,501  | 20,626  | 18,334  |
| 260            |                 | Nephrology – No Surgery   | 33,845  | 29,445  | 27,076  | 21,322  | 24,368  | 18,276  | 16,245  |
| 287            |                 | Nephrology – Minor Surgery  | 50,016  | 43,514  | 40,013  | 31,510  | 36,012  | 27,009  | 24,008  |
| 261            |                 | Neurology – No Surgery  | 45,273  | 39,387  | 36,218  | 28,522  | 32,596  | 24,447  | 21,731  |
| 288            |                 | Neurology – Minor Surgery   | 53,751  | 46,763  | 43,001  | 33,863  | 38,701  | 29,025  | 25,800  |
| 262            |                 | Nuclear Medicine  | 28,211  | 24,544  | 22,569  | 17,773  | 20,312  | 15,234  | 13,541  |
| 248            |                 | Nutrition   | 16,566  | 14,412  | 13,253  | 10,436  | 11,927  | 8,946   | 7,952   |
| 233            |                 | Occupational Medicine   | 22,268  | 19,373  | 17,814  | 14,029  | 16,033  | 12,025  | 10,689  |
| 473            |                 | Oncology – No Surgery   | 38,196  | 33,231  | 30,557  | 24,064  | 27,501  | 20,626  | 18,334  |
| 286            |                 | Oncology – Minor Surgery  | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 263            |                 | Ophthalmology – No Surgery  | 28,390  | 24,699  | 22,712  | 17,886  | 20,441  | 15,331  | 13,627  |
| 289            |                 | Ophthalmology – Minor Surgery                                     | 30,852  | 26,841  | 24,681  | 19,436  | 22,213  | 16,660  | 14,809  |
| 264            |                 | Otology – No Surgery  | 33,785  | 29,393  | 27,028  | 21,285  | 24,326  | 18,244  | 16,217  |
| 290            |                 | Otology – Minor Surgery   | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance

Illinois

| Specialty Code | ILFs Alpha Code | Specialty Description                                 | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
| 265            |                 | Otorhinolaryngology – No Surgery                      | 20,746  | 18,049  | 16,596  | 13,070  | 14,937  | 11,203  | 9,958   |
| 291            |                 | Otorhinolaryngology – Minor Surgery                   | 43,156  | 37,546  | 34,525  | 27,188  | 31,072  | 23,304  | 20,715  |
| 266            |                 | Pathology – No Surgery                                | 28,956  | 25,192  | 23,165  | 18,242  | 20,848  | 15,636  | 13,899  |
| 292            |                 | Pathology – Minor Surgery                             | 50,616  | 44,036  | 40,493  | 31,888  | 36,444  | 27,333  | 24,296  |
| 267            |                 | Pediatrics – No Surgery                               | 33,092  | 28,790  | 26,474  | 20,848  | 23,827  | 17,870  | 15,884  |
| 293            |                 | Pediatrics – Minor Surgery                            | 49,257  | 42,854  | 39,406  | 31,032  | 35,465  | 26,599  | 23,643  |
| 234            |                 | Pharmacology  | 26,722  | 23,249  | 21,378  | 16,835  | 19,240  | 14,430  | 12,827  |
| 235            |                 | Physiatry or Physical Medicine and Rehabilitation     | 19,244  | 16,742  | 15,395  | 12,123  | 13,855  | 10,392  | 9,237   |
| 437            |                 | Physicians – No Major Surgery – acupuncture           | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 802            |                 | Physicians – No Major Surgery – Sclerotherapy         | 51,260  | 44,596  | 41,008  | 32,294  | 36,907  | 27,680  | 24,605  |
| 431            |                 | Physicians – No Major Surgery – shock therapy         | 51,260  | 44,596  | 41,008  | 32,294  | 36,907  | 27,680  | 24,605  |
| 268            |                 | Physicians – not otherwise classified – no surgery    | 30,149  | 26,230  | 24,120  | 18,994  | 21,708  | 16,281  | 14,472  |
| 294            |                 | Physicians – not otherwise classified – minor surgery | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 249            |                 | Psychiatry  | 19,582  | 17,036  | 15,666  | 12,337  | 14,099  | 10,574  | 9,399   |
| 250            |                 | Psychoanalysis  | 18,300  | 15,921  | 14,640  | 11,529  | 13,176  | 9,882   | 8,784   |
| 251            |                 | Psychosomatic Medicine                                | 14,774  | 12,853  | 11,819  | 9,307   | 10,637  | 7,978   | 7,091   |
| 236            |                 | Public Health   | 18,707  | 16,275  | 14,965  | 11,785  | 13,469  | 10,102  | 8,979   |
| 269            |                 | Pulmonary Diseases – No Surgery                       | 36,224  | 31,515  | 28,979  | 22,821  | 26,081  | 19,561  | 17,388  |
| 298            |                 | Pulmonary Diseases – Minor Surgery                    | 61,768  | 53,739  | 49,415  | 38,914  | 44,473  | 33,355  | 29,649  |
| 253            | S               | Radiology – diagnostic – No Surgery                   | 47,717  | 41,513  | 38,173  | 30,061  | 34,356  | 25,767  | 22,904  |
| 280            | S               | Radiology – diagnostic – Minor Surgery                | 72,607  | 63,168  | 58,086  | 45,743  | 52,277  | 39,208  | 34,852  |
| 425            | S               | Radiology – Therapeutic                               | 53,939  | 46,927  | 43,151  | 33,981  | 38,836  | 29,127  | 25,891  |
| 252            |                 | Rheumatology – No Surgery                             | 28,211  | 24,544  | 22,569  | 17,773  | 20,312  | 15,234  | 13,541  |
| 247            |                 | Rhinology – No Surgery                                | 32,176  | 27,993  | 25,741  | 20,271  | 23,167  | 17,375  | 15,445  |
| 270            |                 | Rhinology – Minor Surgery                             | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |
| 166            | S               | Surgery – Abdominal                                   | 109,343 | 95,128  | 87,474  | 68,886  | 78,727  | 59,045  | 52,484  |
| 101            | S               | Surgery – Broncho-esophagology                        | 65,605  | 57,076  | 52,484  | 41,331  | 47,235  | 35,426  | 31,490  |
| 141            | H               | Surgery – Cardiac                                     | 158,071 | 137,522 | 126,457 | 99,585  | 113,811 | 85,358  | 75,874  |
| 150            | H               | Surgery – Cardiovascular Disease                      | 144,461 | 125,681 | 115,569 | 91,010  | 104,012 | 78,009  | 69,341  |
| 115            | S               | Surgery – Colon and Rectal                            | 86,478  | 75,236  | 69,182  | 54,481  | 62,264  | 46,698  | 41,509  |
| 472            | S               | Surgery – Dermatology                                 | 66,433  | 57,796  | 53,146  | 41,853  | 47,831  | 35,874  | 31,888  |
| 157            | S               | Surgery – Emergency Medicine                          | 121,466 | 105,675 | 97,173  | 76,524  | 87,456  | 65,592  | 58,304  |
| 103            | S               | Surgery – Endocrinology                               | 57,272  | 49,827  | 45,818  | 36,082  | 41,236  | 30,927  | 27,491  |
| 117            | S               | Surgery – Family/General Practice                     | 73,077  | 63,577  | 58,462  | 46,039  | 52,615  | 39,462  | 35,077  |
| 104            | S               | Surgery – Gastroenterology                            | 67,681  | 58,883  | 54,145  | 42,639  | 48,730  | 36,548  | 32,487  |
| 143            | S               | Surgery – General – not otherwise classified          | 101,534 | 88,334  | 81,227  | 63,966  | 73,104  | 54,828  | 48,736  |
| 105            | S               | Surgery – Geriatrics                                  | 71,358  | 62,082  | 57,087  | 44,956  | 51,378  | 38,534  | 34,252  |
| 167            | H               | Surgery – Gynecology                                  | 87,768  | 76,358  | 70,215  | 55,294  | 63,193  | 47,395  | 42,129  |
| 169            | S               | Surgery – Hand  | 83,952  | 73,038  | 67,161  | 52,890  | 60,445  | 45,334  | 40,297  |
| 170            | S               | Surgery – Head and Neck                               | 103,442 | 89,994  | 82,753  | 65,168  | 74,478  | 55,858  | 49,652  |

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Illinois

| Specialty Code | ILFs Alpha Code | Specialty Description                                  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| 474            | H               | Surgery – Neonatology or Pediatrics                    | 117,463 | 102,193 | 93,970  | 74,002  | 84,573  | 63,430  | 56,382  |
| 107            | S               | Surgery – Neoplastic                                   | 61,666  | 53,650  | 49,333  | 38,850  | 44,400  | 33,300  | 29,600  |
| 108            | S               | Surgery – Nephrology                                   | 65,500  | 56,985  | 52,400  | 41,265  | 47,160  | 35,370  | 31,400  |
| 152            | H               | Surgery – Neurology                                    | 256,404 | 223,071 | 205,123 | 161,534 | 184,611 | 138,458 | 123,074 |
| 168            | H               | Surgery – Obstetrics                                   | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 153            | H               | Surgery – Obstetrics – Gynecology                      | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 560            | H               | Surgery – Obstetrics – Gynecology – 0 to 49 deliveries | 126,223 | 109,814 | 100,979 | 79,521  | 90,881  | 68,161  | 60,587  |
| 561            | H               | --50 to 69 deliveries                                  | 130,160 | 113,239 | 104,128 | 82,001  | 93,715  | 70,286  | 62,477  |
| 562            | H               | --70 to 89 deliveries                                  | 134,103 | 116,670 | 107,283 | 84,485  | 96,554  | 72,416  | 64,370  |
| 563            | H               | -- 90 to 109 deliveries                                | 141,993 | 123,534 | 113,595 | 89,456  | 102,235 | 76,676  | 68,157  |
| 564            | H               | --110 to 129 deliveries                                | 149,885 | 130,400 | 119,908 | 94,427  | 107,917 | 80,938  | 71,945  |
| 565            | H               | --130 to 149 deliveries                                | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 566            | H               | --150 to 169 deliveries                                | 173,547 | 150,986 | 138,838 | 109,335 | 124,954 | 93,715  | 83,303  |
| 567            | H               | --170 to 189 deliveries                                | 189,325 | 164,713 | 151,460 | 119,275 | 136,314 | 102,236 | 90,876  |
| 568            | H               | --190 to 209 deliveries                                | 205,100 | 178,437 | 164,080 | 129,213 | 147,672 | 110,754 | 98,448  |
| 569            | H               | --210 to 229 deliveries                                | 220,880 | 192,165 | 176,704 | 139,154 | 159,033 | 119,275 | 106,022 |
| 570            | H               | --230 to 249 deliveries                                | 236,654 | 205,889 | 189,323 | 149,092 | 170,391 | 127,793 | 113,594 |
| 571            | H               | --250 to 269 deliveries                                | 252,431 | 219,615 | 201,945 | 159,032 | 181,751 | 136,313 | 121,167 |
| 572            | H               | --270 to 289 deliveries                                | 268,211 | 233,344 | 214,569 | 168,973 | 193,112 | 144,834 | 128,741 |
| 573            | H               | --290 to more deliveries                               | 283,985 | 247,067 | 227,188 | 178,911 | 204,470 | 153,352 | 136,313 |
| 114            | S               | Surgery – Ophthalmology                                | 54,663  | 47,557  | 43,730  | 34,438  | 39,357  | 29,518  | 26,238  |
| 804            | S               | Surgery – Ophthalmology – Plastic                      | 71,524  | 62,226  | 57,219  | 45,060  | 51,498  | 38,623  | 34,332  |
| 154            | H               | Surgery – Orthopedic                                   | 168,919 | 146,960 | 135,135 | 106,419 | 121,622 | 91,216  | 81,081  |
| 164            | H               | Surgery – Orthopedic – without procedures on the back  | 124,471 | 108,289 | 99,577  | 78,417  | 89,619  | 67,214  | 59,746  |
| 158            | S               | Surgery – Otology                                      | 69,371  | 60,353  | 55,497  | 43,704  | 49,947  | 37,460  | 33,298  |
| 159            | S               | Surgery – Otorhinolaryngology                          | 63,484  | 55,231  | 50,787  | 39,995  | 45,708  | 34,281  | 30,472  |
| 156            | H               | Surgery – Plastic – not otherwise classified           | 101,818 | 88,581  | 81,454  | 64,145  | 73,309  | 54,982  | 48,873  |
| 155            | S               | Surgery – Otorhinolaryngology                          | 96,417  | 83,883  | 77,134  | 60,743  | 69,420  | 52,065  | 46,280  |
| 160            | S               | Surgery – Rhinology                                    | 69,371  | 60,353  | 55,497  | 43,704  | 49,947  | 37,460  | 33,298  |
| 144            | H               | Surgery – Thoracic                                     | 142,488 | 123,965 | 113,991 | 89,768  | 102,592 | 76,944  | 68,394  |
| 171            | H               | Surgery – Traumatic                                    | 134,472 | 116,991 | 107,578 | 84,717  | 96,820  | 72,615  | 64,547  |
| 145            | S               | Surgery – Urological                                   | 66,185  | 57,581  | 52,948  | 41,696  | 47,653  | 35,740  | 31,769  |
| 146            | H               | Surgery – Vascular                                     | 150,238 | 130,707 | 120,190 | 94,650  | 108,171 | 81,129  | 72,114  |
| 424            |                 | Urgent Care Medicine                                   | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |

**Note:** When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule F.

C. Mature Claims-Made Rates – Dentists

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| Specialty Code | ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| 212            |                 | Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia | 41,564  | 36,161  | 33,252  | 26,186  | 29,926  | 22,445  | 19,951  |
| 210            |                 | Dentists – Minor Surgery   | 20,783  | 18,081  | 16,627  | 13,093  | 14,964  | 11,223  | 9,976   |
| 211            |                 | Dentists – No Surgery - not otherwise classified   | 8,313   | 7,233   | 6,651   | 5,237   | 5,986   | 4,489   | 3,990   |

**D. Mature Claims-Made Rates – Healthcare Facilities**

**1. Emergency Room Groups\***

| ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| S               | Emergency Room Groups (“Per 100 patient visits” basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the “per patient visit” premium. | 2,143   | 1,865   | 1,715   | 1,350   | 1,543   | 1,157   | 1,029   |

**2. Urgent Care Groups\***

| ILFs Alpha Code | Specialty Description   | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
|                 | Urgent Care Groups (“Per 100 patient visits” basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the “per patient visit” premium. | 602     | 523     | 481     | 379     | 433     | 325     | 289     |

**3. Outpatient Surgery Centers\***

| ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| S               | Outpatient Surgery Centers (Surgicenters) (“Per 100 patient visits” basis). All physicians must be separately insured by American Physicians in order to provide coverage for the outpatient surgery center. | 3,046   | 2,650   | 2,437   | 1,919   | 2,193   | 1,645   | 1,462   |

**4. Additional Healthcare Facility Rates (per \$1000 receipts basis)\***

| ILFs Alpha Code | Specialty Description/Code            | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                 | X-Ray / Imaging Laboratory/Code 88526 | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    |

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\*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3, and 4 is \$2,500.

**E. Premium Charges for Vicarious, Shared and Separate Limits**

Under Countrywide Rule IX., Item D., Premium Charges for Vicarious, Shared and Separate Limits is replaced in its entirety with the following:

| Specialty Code | Healthcare Professional | Vicarious Limit Charge | Shared Limit Charge | Separate Limit Charge |
|----------------|-------------------------|------------------------|---------------------|-----------------------|
| 411            | Chiropractor            | 0%                     | 35% of class 420    | 70% of class 420      |
| 452            | Nurse Anesthetist       | 0%                     | 7.5% of class 151   | 15% of class 151      |
| 962            | Nurse Midwife           | 0%                     | 25% of class 153    | 50% of class 153      |
| 963            | Nurse Practitioner      | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 942            | Perfusionist            | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 807            | Physician Assistant     | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 943            | Podiatrist/incl. surg.  | 0%                     | 40% of class 143    | 50% of class 143      |
| 944            | Podiatrist – no surg.   | 0%                     | 35% of class 420    | 70% of class 420      |
| 946            | Psychologist            | 0%                     | 5% of class 249     | 10% of class 249      |
| 808            | Surgeon Assistant       | 0%                     | 7.5% of class 420   | 15% of class 420      |

**F. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$4,000,000 rates:**

| Higher Limits of Liability                        | All Other Physicians and Dentists | Emergency Medicine, Radiologists, All Other Surgery (S) | Selected Surgical Specialties (H) |
|---|-----------------------------------|---|-----------------------------------|
| \$2,000,000/\$4,000,000                           | 1.344                             | 1.418   | 1.460                             |
| For higher Limits of Liability – Refer to Company |                                   |   |                                   |

**G. Limits that are less than these \$1,000,000/\$4,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$4,000,000 rates (not including any credit applied for a deductible):**

| Limits of Liability     | All Physicians, Surgeons, and Dentists |
|-------------------------|--|
| \$100,000/\$400,000     | 0.480                                  |
| \$200,000/\$800,000     | 0.620                                  |
| \$250,000/\$1,000,000   | 0.665                                  |
| \$300,000/\$1,200,000   | 0.700                                  |
| \$500,000/\$2,000,000   | 0.790                                  |
| \$750,000/\$3,000,000   | 0.920                                  |
| \$1,000,000/\$2,000,000 | 0.980                                  |
| \$1,000,000/\$4,000,000 | 1.000                                  |

#### H. Claims-Made Maturity Factors

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

|             |      |
|-------------|------|
| First Year  | 0.25 |
| Second Year | 0.40 |
| Third Year  | 0.75 |
| Fourth Year | 0.90 |
| Fifth Year  | 0.95 |
| Sixth Year  | 0.98 |
| Mature      | 1.00 |

#### I. Reporting Period Extension Rules

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason using the following calculation methods at the time of termination. A minimum of 30 days notice after the policy is terminated will be given to the policyholder to purchase the extended reporting period coverage. There are no credits or debits that will be added or removed when determining the cost of the claims-made reporting period extension.

1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring annual premium.
2. Alternatively, one 12 month extension may be purchased as of the policy termination and the next two annual anniversaries of that termination. Separate limits apply for each of the three extensions. The second extension is a 12 month extension and the final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).

#### J. Reporting Period Extension Factors - Factors are applied to the claims-made rate applicable to the expiring annual premium at the time the extended reporting endorsement is offered.

|             |      |
|-------------|------|
| First Year  | 4.00 |
| Second Year | 3.88 |
| Third Year  | 2.40 |
| Fourth Year | 2.11 |



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|            |      |
|------------|------|
| Fifth Year | 2.05 |
| Sixth Year | 2.01 |
| Mature     | 1.97 |

K. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, sub item 3. is replaced with the following:

| 3.            | <table><tr><th># of Insureds</th><th>Charge</th></tr><tr><td>2-5</td><td>15.0%</td></tr><tr><td>6-9</td><td>12.0%</td></tr><tr><td>10-19</td><td>9.0%</td></tr><tr><td>20 or more</td><td>7.0%</td></tr></table> | # of Insureds | Charge | 2-5 | 15.0% | 6-9 | 12.0% | 10-19 | 9.0% | 20 or more | 7.0% |
|---------------|--|---------------|--------|-----|-------|-----|-------|-------|------|------------|------|
| # of Insureds | Charge   |               |        |     |       |     |       |       |      |            |      |
| 2-5           | 15.0%  |               |        |     |       |     |       |       |      |            |      |
| 6-9           | 12.0%  |               |        |     |       |     |       |       |      |            |      |
| 10-19         | 9.0%   |               |        |     |       |     |       |       |      |            |      |
| 20 or more    | 7.0%   |               |        |     |       |     |       |       |      |            |      |

M. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

- A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

XIII. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed **135%**. The total credit that may be applied under the Claims-Free Credit Rule is **-15%** and the total credit/debit that may be applied under the Schedule Rating Plan is **+/- 35%**.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

| Years of Claims-Free<br><u>Experience</u> | <u>Credit</u> |
|---|---------------|
| Three to Five Years                       | 5%            |
| Six to Seven Years                        | 10%           |
| Eight or More Years                       | 15%           |

B. Schedule Rating Plan

The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. The maximum allowable credit/debit for the Schedule Rating Plan is +/- 35%.

|   | Maximum       |              |
|---|---------------|--------------|
|   | <u>Credit</u> | <u>Debit</u> |
| 1. Professional Skills, Quality of Care   | 10%           | 10%          |
| Use of a recognized system of clinical guidelines. Relevant board certification. Accreditation status by a recognized regulatory body. The provision of medical care limited to qualified individuals. Continuing education of all professional staff beyond what is required by state licensing regulation. Maintenance of premises and equipment. |               |              |
| 2. Patient Rapport  | 10%           | 10%          |
| Length of service and reputation in community. Established policies and procedures for patient services. Cooperation with the Company claims management and resolution procedures.  |               |              |
| 3. Record Keeping   | 10%           | 10%          |
| A well-maintained patient record system in place: thorough documentation of patient care and interaction; follow-up system for diagnostic studies, consultation and appointments.   |               |              |
| 4. Risk Characteristics   | 5%            | 5%           |
| a. Documented successful completion of an approved office risk analysis/communication skills assessment/risk management on-site visit and/or education program, including an appropriate response to recommendations made.  |               |              |
| b. Documented attendance at an approved risk management seminar, or successful completion of an approved risk management correspondence course.   |               |              |

XIV. Quarterly Installment Option and Monthly Installment Option

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Illinois

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage")).

|                      |                  |   |
|----------------------|------------------|---|
| 4-pay<br>(quarterly) | 25% down payment | 3 equal installments<br>(Due 4 <sup>th</sup> , 7 <sup>th</sup> , and 10 <sup>th</sup> months).  |
| 9-pay<br>(monthly)   | 15% down payment | 8 equal installments<br>(Due 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> , and 9 <sup>th</sup> months). |

- A \$10 installment fee will be applied to all payment plans/per installment except in the event the policy premium is \$500 to \$999 and the installment fee will be waived.
- Installment fees will not be charged on the downpayment portion.
- No interest will be charged.
- Additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any.

### XV. Deductibles Offered

See Countrywide Manual, Section V. for underwriting criteria.

Item C. from the Deductible section in the Countrywide Manual is deleted and replaced with the following: Deductible factors are applied to the \$1,000,000/\$4,000,000 base rate, Section IV, Rating Steps, Item D to derive the deductible credit amount.

| Deductible Amount<br>Per Incident | Indemnity Only<br>Factor | Indemnity and Defense<br>Factor |
|-----------------------------------|--------------------------|---------------------------------|
| \$5,000                           | .01                      | .03                             |
| \$10,000                          | .03                      | .05                             |
| \$15,000                          | .04                      | .08                             |
| \$25,000                          | .07                      | .12                             |
| \$30,000                          | .08                      | .13                             |
| \$50,000                          | .12                      | .19                             |
| \$75,000                          | .16                      | .25                             |
| \$100,000                         | .19                      | .30                             |
| \$200,000                         | .27                      | .43                             |

### XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

### XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

**Contact Person:****Gayle Neuman****217-524-6497****Gayle.Neuman@illinois.gov**

From: Patty Edgington at  
 American Physicians  
 Assurance Corp, NAIC  
 #33006, Fein #38-2102867

Co Filing #IL-2007-02

**Illinois Division of Insurance  
 Review Requirements Checklist**

**320 West Washington Street  
 Springfield, IL 62767-0001**

**Effective as of 8/25/06****Line(s) of Business****Code(s)**

☒ **MEDICAL MALPRACTICE** 11.0000  
☒ Claims Made 11.10000  
☐ Occurrence 11.2000

\*\*\*This checklist is for rate/rule  
 filings only.  
 See separate form checklist.

| <u><b>Line(s) of Insurance</b></u>                   | <u><b>Code(s)</b></u> | <u><b>Line(s) of Insurance</b></u>              | <u><b>Code(s)</b></u> | <u><b>Line(s) of Insurance</b></u>                        | <u><b>Code(s)</b></u> |
|--|-----------------------|---|-----------------------|---|-----------------------|
| <input type="checkbox"/> Acupuncture                 | 11.0001               | <input type="checkbox"/> Hospitals              | 11.0009               | <input type="checkbox"/> Optometry                        | 11.0019               |
| <input type="checkbox"/> Ambulance Services          | 11.0002               | <input type="checkbox"/> Professional Nurses    | 11.0032               | <input type="checkbox"/> Osteopathy                       | 11.0020               |
| <input type="checkbox"/> Anesthetist                 | 11.0031               | <input type="checkbox"/> Nurse – Anesthetists   | 11.0010               | <input type="checkbox"/> Pharmacy                         | 11.0021               |
| <input type="checkbox"/> Assisted Living Facility    | 11.0033               | <input type="checkbox"/> Nurse – Lic. Practical | 11.0011               | <input type="checkbox"/> Physical Therapy                 | 11.0022               |
| <input type="checkbox"/> Chiropractic                | 11.0003               | <input type="checkbox"/> Nurse – Midwife        | 11.0012               | <input checked="" type="checkbox"/> Physicians & Surgeons | 11.0023               |
| <input type="checkbox"/> Community Health Center     | 11.0004               | <input type="checkbox"/> Nurse – Practitioners  | 11.0013               | <input type="checkbox"/> Physicians Assistants            | 11.0024               |
| <input type="checkbox"/> Dental Hygienists           | 11.0005               | <input type="checkbox"/> Nurse – Private Duty   | 11.0014               | <input type="checkbox"/> Podiatry                         | 11.0025               |
| <input type="checkbox"/> Dentists                    | 11.0030               | <input type="checkbox"/> Nurse – Registered     | 11.0015               | <input type="checkbox"/> Psychiatry                       | 11.0026               |
| <input type="checkbox"/> Dentists – General Practice | 11.0006               | <input type="checkbox"/> Nursing Homes          | 11.0016               | <input type="checkbox"/> Psychology                       | 11.0027               |
| <input type="checkbox"/> Dentists – Oral Surgeon     | 11.0007               | <input type="checkbox"/> Occupational Therapy   | 11.0017               | <input type="checkbox"/> Speech Pathology                 | 11.0028               |
| <input type="checkbox"/> Home Care Service Agencies  | 11.0008               | <input type="checkbox"/> Ophthalmic Dispensing  | 11.0018               | <input type="checkbox"/> Other                            | 11.0029               |

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|--|--|---|
| <b>Illinois Insurance Code Link</b>              | <a href="#">Illinois Compiled Statutes Online</a>  |   |
| <b>Illinois Administrative Code Link</b>         | <a href="#">Administrative Regulations Online</a>  |   |
| <b>Product Coding Matrix Link</b>                | <a href="#">Product Coding Matrix</a>  |   |
| <b>NAIC Uniform Transmittal Form</b>             | <a href="#">50 IL Adm. Code 929</a><br><a href="#">NAIC Uniform Transmittal Form</a>                             | If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/explanatory memorandum, the Division will accept such form, as long as all information required in the "Cover Letter & Explanatory Memorandum" section below are properly included.   |
| <b>NAIC Self-Certification Pilot Program</b>     | <a href="#">Newsletter Article regarding Division's Participation</a><br><a href="#">Self-Certification form</a> | If an authorized company officer completes the Self-Certification form, and submits such form as the 1 <sup>st</sup> page of the filing, the Division will expedite review of the filing ahead of all other filings received to date. The Division will track company compliance with the laws, regulations, bulletins, and this checklist and report such information to the NAIC. |
| <b>Location of Standard within Filing Column</b> | See checklist format below.  | To expedite review of your filing, use this column to indicate location of the standard within the filing (e.g. page #, section title, etc.)  |
| <b>Description of Review Standards</b>           | See checklist format below.  | These brief summaries do not include all requirements of all laws, regulations, bulletins, or requirements, so review actual law, regulation, bulletin, or requirement for details to ensure that forms are fully compliant   |

|                            |   |
|----------------------------|---|
| <b>Requirements Column</b> | before filing with the Division of Insurance. |
|----------------------------|---|

| <b>FILING REQUIREMENTS FOR FORM FILINGS</b>  | <b>REFERENCE</b>   | <b>DESCRIPTION OF REVIEW STANDARD REQUIREMENT</b>  | <b>LOCATION OF STANDARD WITHIN FILING</b>                                      |
|--|--|--|--|
| See separate form filing checklist.  |  | To assist insurers in submitting compliant medical liability rate/rule filings as a result of newly-passed PA94-677 (SB475), the Division has created this separate, comprehensive rate/rule filing checklist for medical liability filings.<br><br>Please see the separate form filing checklist for requirements related to medical liability forms.                           | N/A – This is a rate/rule filing.  |
| <b>GENERAL FILING REQUIREMENTS FOR ALL RATE/RULE FILINGS</b>   |  |  |  |
| <b>LINE OF AUTHORITY</b>   |  |  |  |
| Must have proper Class and Clause authority to conduct this line of business in Illinois.                      | <u>215 ILCS 5/4</u><br><br><u>List of Classes/Clauses</u>  | To write Medical Liability insurance in Illinois, companies must be licensed to write:<br><br>1. Class 2, Clause (c)   | APA Certificate of Authority grants class 2, clause c authority, COA#967543-51 |
| <b>RATES AND RULES REQUIRED TO BE FILED</b>  |  |  |  |
| <b>Rates/Rules Must be Filed Separately from Forms</b>   |  |  |  |
| Insurers shall make separate filings for rate/rules and for forms/endorsements, etc.                           |  | The laws and regulations for medical liability forms/endorsements and the laws for medical liability rates/rules are different and each must be reviewed according to its own set of laws/regulations/procedures. Therefore, insurers are required to file forms and rates/rules separately.<br><br>For requirements regarding form filings, see separate form filing checklist. | This is a rate/rule filing effective 5-15-07.                                  |
| <b>New Insurers</b>  |  |  |  |
| New insurers must file their rates, rules, plans for gathering statistics, etc. upon commencement of business. | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | “New Insures” are insurers who are:<br><ul style="list-style-type: none"><li>• New to Illinois.</li><li>• New writers of medical liability insurance in Illinois.</li><li>• Writing a new Line of Insurance listed on Page 1 of this checklist,</li></ul><br>New insurers must file the following:   | Not applicable with this filing. We are not a new insurer.                     |

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|  |   | <p>a) Medical liability insurance rate manual, including all rates.</p> <p>b) Rules, including underwriting rule manuals which contain rules for applying rates or rating plans,</p> <p>c) Classifications and other such schedules used in writing medical liability insurance.</p> <p>d) Statement regarding whether the insurer:</p> <ul style="list-style-type: none"> <li>• Has its own plan for the gathering of medical liability statistics; or</li> <li>• Reports its medical liability statistics to a statistical agent (and if so, which agent).</li> </ul> <p>The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency.</p> <p>Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.</p>   |  |
| <b>Amendments to Initial Rate/Rule Filings</b>   |   |   |  |
| <p>After a new insurer has filed the rates/rules/information described above, insurers must file rates/rules, or advise of changes to statistical plans, as often as they are amended.</p> | <p><u>215 ILCS 5/155.18</u></p> <p><u>50 IL Adm. Code 929</u></p> | <p>After a new insurer has filed the rates/rules/information described above, insurers must file rates/rules/rating schedules (as described above for new business) as often as such filings are changed or amended, or when any new rates or rules are added.</p> <p>Any change in premium to the company's insureds as a result of a change in the company's base rates or a change in its increased limits factors shall constitute a change in rates and shall require a filing with the Director.</p> <p>Insurers shall also advise the Director if its plans for the gathering of statistics has changed, or if the insurer has changed statistical agents.</p> <p>The Director, at any time, may request a copy of the insurer's statistical plan or request the insurer to provide written verification of membership and reporting status from the insurer's reported statistical agency.</p> <p>Insurers are instructed to review all requirements in this checklist, including the requirements for applicable actuarial documentation, as well as all medical liability laws and regulations, to ensure that the filing contains all essential elements before submitting the filing to the Division.</p> | <p>Rate/rule manual pages have been updated and actuarial documentation is attached.</p> |
| <b>EFFECTIVE DATES OF RATE/RULE FILINGS</b>  |   |   |  |

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| Illinois is "file and use" for medical liability rates and rules.   | <u>215 ILCS 5/155.18</u><br><u>50 IL Adm. Code 929</u>   | A rate/rating plan/rule filing shall go into effect no earlier than the date the filing is received by the Division of Insurance, Property & Casualty Compliance Section, except as otherwise provided in Section 155.18.   | Rate filing is being over-nighted 5-10-07 to be effective 5-15-07.   |
| <b>ADOPTIONS OF ADVISORY ORGANIZATION FILINGS</b>   |  |   |  |
| Insurer must file all rates and rules on its own behalf.  | <u>50 IL Adm. Code 929</u>   | Although Rule 929 allows for insurers to adopt advisory organization rule filings, advisory organizations no longer file rules in Illinois.   | We are filing on our own behalf.   |
| <b>COPIES, RETURN ENVELOPES, ETC.</b>   |  |   |  |
| Requirement for duplicate copies and return envelope with adequate postage.   | <u>50 IL Adm. Code 929</u>   | Insurers that desire a stamped returned copy of the filing or submission letter must submit a duplicate copy of the filing/letter, along with a return envelope large enough and containing enough postage to accommodate the return filing.  | Duplicate copy of filing in addition to return envelope with adequate postage is attached.   |
| <b>COVER LETTER &amp; EXPLANATORY MEMORANDUM</b>  |  |   |  |
| Two copies of a submission letter are required, and the submission letter must contain the information specified.<br><br>"Me too" filings are not allowed.<br><br>Use of NAIC Uniform Transmittal form is acceptable as long as all required information is included. | <u>215 ILCS 5/155.18</u><br><u>50 IL Adm. Code 929</u><br><u>Company Bulletin 88-53</u><br><u>Actuarial Certification Form</u><br><u>NAIC Uniform Transmittal Form</u> | All filings must be accompanied by a submission letter which includes <u>all</u> of the following information:<br><br>1) Exact name of the company making the filing.<br><br>2) Federal Employer Identification Number (FEIN) of the company making the filing.<br><br>3) Unique filing identification number – may be alpha, numeric, or both. Each filing number must be unique within a company and may not be repeated on subsequent filings. If filing subsequent revisions to a pending filing, use the same filing number as the pending filing or the revision(s) will be considered a new filing.<br><br>4) Identification of the classes of medical liability insurance to which the filing applies (for identifying classes, refer to Lines of Insurance shown on Page 1 of this checklist, in compliance with the NAIC Product Coding Matrix).<br><br>5) Notification of whether the filing is new or supersedes a present filing. If filing supersedes a present filing, insurer must identify <u>all</u> changes in superseding filings, <u>and all</u> superseded filings, including the following information:<br><br><ul style="list-style-type: none"> <li>• Copy of the complete rate/rule manual section(s) being changed by the filing with all changes clearly highlighted or otherwise identified.</li> <li>• Written statement that all changes made to the superseded filing have been disclosed.</li> <li>• List of all pages that are being completely superseded or replaced with new pages.</li> </ul> | Submission letter attached with all items including the NAIC transmittal document.<br>Included in submission letter and NAIC transmittal form.<br>Included in submission letter and NAIC transmittal form.<br><br>Included in cover letter and NAIC transmittal form.<br><br>Included in NAIC transmittal form.<br><br>Included in cover letter and NAIC transmittal form. |

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|   |  | <ul style="list-style-type: none"> <li>List of pages that are being withdrawn and not being replaced.</li> <li>List of new pages that are being added to the superseded filing.</li> <li>Copies of all manual pages that are affected by the new filing, including but not limited to subsequent pages that are amended solely by receiving new page numbers.</li> </ul> <p>6) Effective date of use.</p> <p>7) Actuarial certification (see Actuarial Certification section below). Insurers may use their own form or may use the sample form developed by the Division.</p> <p>8) Statement that the insurer, in offering, administering, or applying the filed rate/rule manual and/or any amended provisions, does not unfairly discriminate.</p> <p>Companies under the same ownership or general management are required to make <u>separate, individual company filings</u>. Company Group ("Me too") filings are unacceptable.</p> <p>If insurers wish to use the NAIC Uniform Transmittal form in lieu of a cover letter/explanatory memorandum, the Division will accept such form, as long as all information required in this section is properly included.</p> | <p>Included in cover letter and NAIC transmittal form. The signed actuarial certification form is attached.</p> <p>Included in cover letter and NAIC transmittal form.</p> <p>Not applicable with this filing.</p> |
| <b>FORM RF-3<br/>Summary Sheet</b>  |  |  |  |
| For any rate change, duplicate copies of Form RF-3 must be filed, no later than the effective date. | <u>50 IL Adm. Code 929</u><br><br><u>Form RF-3 Summary Sheet</u> | <p>For <u>any</u> rate level change, insurers must file two copies of Form RF-3 (Summary Sheet) which provides information on changes in rate level based on the company's premium volume, rating system, and distribution of business with respect to the classes of medical liability insurance to which the rate revision applies. Such forms must be received by the Division's Property &amp; Casualty Compliance Section no later than the stated effective date of use.</p> <p>Insurers must report the rate change level and premium volume amounts on the "Other" Line and insert the words "Medical Liability" on the "Other" descriptive line. Do not list the information on the "Other Liability" line.</p> <p>If the Medical Liability premium is combined with any other Lines of Business (e.g. CGL, commercial property, etc.), the insurer must report the effect of rate changes to each line separately on the RF-3, indicating the premium written and percent of rate change for each line of business.</p> <p>The RF-3 form must indicate whether the information is "exact" or "estimated."</p>  | <p>Duplicate copies of RF-3 are attached.</p> <p>Completed – See the RF-3.</p> <p>This is not applicable.</p> <p>RF-3 indicates "estimated".</p>   |
| <b>PAYMENT PLANS</b>  |  |  |  |



|  |                          |   |   |
|--|--------------------------|---|---|
| Quarterly premium payment installment plan required as prescribed by the Director. | <u>215 ILCS 5/155.18</u> | <p>A company writing medical liability insurance in Illinois shall offer to each of its medical liability insureds the option to make premium payments in quarterly installments as prescribed by and filed with the Director. Such option must be offered in the initial offer of the policy or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer need not offer the option, but if the insured requests it, must make it available. Such plans are subject to the following minimum requirements:</p> <ul style="list-style-type: none"> <li>• May not require more than 40% of the estimated total premium to be paid as the initial payment;</li> <li>• Must spread the remaining premium equally among the 2<sup>nd</sup>, 3<sup>rd</sup>, and 4<sup>th</sup> installments, with the maximum set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;</li> <li>• May not apply interest charges;</li> <li>• May include an installment charge or fee of no more than the lesser of 1% of the total premium or \$25;</li> <li>• Must spread any additional premium resulting from changes to the policy equally over the remaining installments, if any. If there are no remaining installments, the additional premium may be billed immediately as a separate transaction; and</li> <li>• May, but is not required to offer payment plan for extensions of a reporting period, or to insureds whose annual premiums are less than \$500. However, if offered to either, the plan must be made available to all within that group.</li> </ul> | All of the items in this payment plan section – See item XIV titled Quarterly Installment Option & monthly installment option on page IL-9 and IL-10. |
| <b>DEDUCTIBLES</b>   |                          |   |   |
| Deductible plans should be filed if offered.                                       | <u>215 ILCS 5/155.18</u> | <p>A company writing medical liability insurance in Illinois is encouraged, but not required, to offer the opportunity for participation in a plan offering deductibles to its medical liability insureds. Any such plan shall be contained in a filed rate/rule manual section entitled "Deductibles Offered" or substantially similar title. If an insurer uses a substantially similar title, the Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the section that applies.</p>   | See item XV titled Deductibles offered on page IL-10.   |
| <b>DISCOUNTS</b>   |                          |   |   |
| Premium discount for risk management activities should be filed if offered.        | <u>215 ILCS 5/155.18</u> | <p>A company writing medical liability insurance in Illinois is encouraged, but not required, to offer their medical liability insureds a plan providing premium discounts for participation in risk management activities. Any such plan shall be contained in a filed rate/rule manual section entitled "Risk Management Activities Discounts" or substantially similar title. If an insurer uses a substantially similar title, the</p>  | See item XVI titled Risk Management Activities Discounts on page IL-10.   |

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|   |  | Rate/Rule Submission Letter or NAIC Uniform Transmittal form must indicate the name of the section that applies.  |   |
| <b>CLAIMS MADE REQUIREMENTS</b>                         |  |   |   |
| Extended reporting period (tail coverage) requirements. | <p><u>215 ILCS 5/143(2)</u></p> <p><u>Company Bulletin 88-50</u></p> | <p>When issuing claims-made medical liability insurance policies, insurers must include the following specific information in their rate/rule manuals:</p> <ul style="list-style-type: none"> <li>• Offer of an extended reporting period (tail coverage) of <u>at least</u> 12 months. The rate/rule manual must specify whether the extended reporting period is unlimited or indicate its term (i.e. number of years).***</li> <li>• Cost of the extended reporting period, which <u>must</u> be priced as a factor of one of the following.*** <ul style="list-style-type: none"> <li>○ the last 12 months' premium.</li> <li>○ the premium in effect at policy issuance.</li> <li>○ the expiring annual premium.</li> </ul> </li> <li>• List of any credits, discounts, etc. that will be added or removed when determining the final extended reporting period premium.</li> <li>• Insurer will inform the insured of the extended reporting period premium at the time the last policy is purchased. The insurer may not wait until the insured requests to purchase the extended reporting period coverage to tell the insured what the premium will be or how the premium would be calculated.</li> <li>• Insurer will offer the extended reporting period when the policy is terminated for any reason, including non-payment of premium, and whether the policy is terminated at the company's or insured's request.</li> <li>• Insurer will allow the insured 30 days after the policy is terminated to purchase the extended reporting period coverage.***</li> <li>• Insurer will trigger the claims made coverage when notice of claim is received and recorded by the insured or company, whichever comes first.</li> </ul> <p>***If the medical liability coverage is combined with other professional or general liability coverages, the medical liability insurer must meet all of the above requirements, except those indicated with ***, in which case, the insurer must:</p> <ul style="list-style-type: none"> <li>• Offer free 5-year extended reporting period (tail coverage) or</li> </ul> | <p>See Item I, Reporting Period Extension Rules on page IL-7.</p> <p>See Item I, Reporting Period Extension Rules and Item J. Reporting Period Extension Factors on page IL-7.</p> <p>We comply with this rule.</p> <p>See Item I Reporting Period Extension rules and Item J Reporting Period Extension Factors on page IL-7.</p> <p>See Item I. Reporting Period Extension Rules and Item J, Reporting Period Extension Factors on page IL-7.</p> <p>See Item I, Reporting Period Extension Rules, Page IL-7.</p> <p>This is not applicable in this area so disregard. Spoke to Gayle Neuman on 2-28-07.</p> <p>We do not include general liability or other professional coverages so this is not applicable with our company.</p> |

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|  |   | <ul style="list-style-type: none"> <li>• Offer an unlimited extended reporting period with the limits reinstated (100% of aggregate expiring limits for the duration)</li> <li>• Cap the premium at 200% of the annual premium of the expiring policy; and</li> <li>• Give the insured a free-60 day period after the end of the policy to request the coverage.</li> </ul>  |   |
| <b>GROUP MEDICAL LIABILITY</b>   |   |  |   |
| Group medical liability insurance is not specifically allowed under the Illinois Insurance Code.                                   | <u>50 IL Adm. Code 906</u>  | Part 906 of the Illinois Administrative Code prohibits writing of group casualty (liability) insurance unless specifically authorized by statute. The Illinois Insurance Code does not specifically authorize the writing of group medical liability insurance.  | We are abiding by this rule.  |
| <b>CANCELLATION &amp; NONRENEWAL PROVISION REQUIREMENTS</b>  |   |  |   |
| If rate/rule manuals contain language pertaining to cancellation or nonrenewal, must comply with all cancellation/nonrenewal laws. | See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations, | If a rate or rule manual contains language pertaining to cancellation or nonrenewal of any medical liability insurance coverage, such provisions must comply with all cancellation and nonrenewal provisions of the Illinois Insurance Code, including but not limited to the following: 143.10, 143.16, 143.16a, 143.17a. See Medical Liability Forms Checklist for Specific Information about Illinois Cancellation & Nonrenewal Laws and Regulations,   | No rate or rule in the manual contains language pertaining to cancellation or non-renewal.          |
| <b>ACTUARIAL REVIEW REQUIREMENTS</b>   |   |  |   |
| Rates shall not be excessive, inadequate, or unfairly discriminatory.  | <u>215 ILCS 5/155.18</u>  | <p>In the making or use of rates pertaining to all classes of medical liability insurance, rates shall not be excessive, or inadequate, nor shall they be unfairly discriminatory.</p> <p>Rate and rule manual provisions should be defined and explained in a manner that allows the Division to ascertain whether the provision could be applied in an unfairly discriminatory manner. For example, if a rate/rule manual contains ranges of premiums or discounts, the provision must specify the criteria to determine the specific premium/discount an insured or applicant would receive.</p> <p>The Director may, by order, adjust a rate or take any other appropriate action at the conclusion of a public hearing.</p> | Rates being proposed with this filing are adequate, not excessive, and not unfairly discriminatory. |
| <b>PRICING</b>   |   |  |   |

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| Insurers shall consider certain information when developing medical liability rates.                    | <u>215 ILCS 5/155.18</u>  | <p>Consideration shall be given, to the extent applicable, to past and prospective loss experience within and outside this State, to a reasonable margin for underwriting profit and contingencies, to past and prospective expenses both countrywide and those especially applicable to Illinois, and to all other factors, including judgment factors, deemed relevant within and outside Illinois.</p> <p>Consideration may also be given in the making and use of rates to dividends, savings or unabsorbed premium deposits allowed or returned by companies to their policyholders, members or subscribers.</p> <p>The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.</p> | See attached actuarial memorandum.   |
| <b>Minimum Premium Rules</b>  |                           |   |  |
| Insurers may group or classify risks for establishing rates and minimum premiums.                       | <u>215 ILCS 5/155.18</u>  | Risks may be grouped by classifications for the establishment of rates and minimum premiums.  | See attached actuarial memorandum and exhibit.   |
| <b>"A" RATED RISKS</b>  |                           |   |  |
| <b>Individual Risk Rating</b>   |                           |   |  |
| Risks may be rated on an individual basis as long as all provisions required in Section 155.18 are met. | <u>215 ILCS 5/155.18</u>  | Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such classifications or modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations, and shall apply to all risks under the same or substantially the same circumstances or conditions. The rate for an established classification should be related generally to the anticipated loss and expense factors or the class.   | Not applicable with this filing.   |
| <b>RISK CLASSIFICATION</b>  |                           |   |  |
| Risks may be grouped by classifications.  | <u>215 ILCS 5/155.18</u>  | Risks may be grouped by classifications for the establishment of rates and minimum premiums.  | See attached actuarial memorandum and exhibit.   |
| Rating decisions based solely on domestic violence.   | <u>215 ILCS 5/155.22b</u> | No insurer may that issues a property and casualty policy may use the fact that an applicant or insured incurred bodily injury as a result of a battery committed against him/her by a spouse or person in the same household as a sole reason for a rating   | Not applicable with this filing. Domestic violence considerations are not part of our rating |

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|   |   | decision.   | plan.  |
| Unfair methods of competition or unfair or deceptive acts or practices defined.                     | <u>215 ILCS 5/424(3)</u>  | It is an unfair method of competition or unfair and deceptive act or practice if a company makes or permits any unfair discrimination between individuals or risks of the same class or of essentially the same hazard and expense element because of the race, color, religion, or national origin of such insurance risks or applicants.  | Not applicable with this filing. Our rating plan does not unfairly discriminate as defined by statute. |
| Procedure as to unfair methods of competition or unfair or deceptive acts or practices not defined. | <u>215 ILCS 5/429</u>   | Outlines the procedures the Director follows when he has reason to believe that a company is engaging in unfair methods of competition or unfair or deceptive acts or practices.  | Not applicable.  |
| <b>Territorial Definitions</b>  |   |   |  |
| Rate/rule manuals must contain correct and adequate definitions of Illinois territories.            | <u>215 ILCS 5/155.18</u>  | When an insurer's rate/rule program includes differing territories within the State of Illinois, rate/rule manuals must contain correct and adequate definitions of those territories, and that all references to the territories or definitions are accurate, so the Division does not need to request additional information.   | Page IL-1 of the Illinois exception manual.  |
| <b>ACTUARIAL SUPPORT INFORMATION REQUIRED</b>   |   |   |  |
| <b>ACTUARIAL CERTIFICATION</b>  |   |   |  |
| Actuarial certification must accompany all rate filings and all rule filings that affect rates.     | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u><br><br><u>Actuarial Certification Form</u> | Every rate and/or rating rule filing must include a certification by an officer of the company and a qualified actuary that the company's rates and/or rules are based on sound actuarial principles and are not inconsistent with the company's experience.<br><br>Insurers may use their own form or may use the sample form created by the Division.   | Included with this filing.   |
| <b>ACTUARIAL OR STATISTICAL INFORMATION</b>   |   |   |  |
| Director may request actuarial and statistical information.   | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u>  | The Director may require the filing of statistical data and any other pertinent information necessary to determine the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, rates, forms or any combination thereof.<br><br>If the Director requests information or statistical data to determine the manner the insurer used to set the filed rates and/or to determine the reasonableness of those rates, as well as the manner of promulgation and the acceptability or unacceptability of a filing for rules, minimum premiums, or any combination thereof, the insurer shall provide such data or information within 14 calendar days of the Director's request. | Not applicable with this filing.   |
| <b>Explanatory Memorandum</b>   |   |   |  |

|   |  |  |  |
|---|--|--|--|
| Insurers shall include actuarial explanatory memorandum with any rate filing, as well as any rule filing that affects the ultimate premium. | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include actuarial explanatory memorandum with any rate filing, as well as any rule filing that affects the ultimate premium. The explanatory memorandum shall contain, at minimum, the following information: <ul style="list-style-type: none"> <li>• Explanation of ratemaking methodologies.</li> <li>• Explanations of specific changes included in the filing.</li> <li>• Narrative that will assist in understanding the filing.</li> </ul> | See attached actuarial memorandum and exhibit. |
| <b>Summary of Effects Exhibit</b>   |  |  |  |
| Insurers shall include an exhibit illustrating the effect of each change and calculation indicating how the final effect was derived.       | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include an exhibit illustrating the effect of each individual change being made in the filing (e.g. territorial base rates, classification factor changes, number of exposures affected by each change being made, etc.), and include a supporting calculation indicating how the final effect was derived.   | N/A – New rate being introduced.               |
| <b>Actuarial Indication</b>   |  |  |  |
| Insurers shall include actuarial support justifying the overall changes being made.   | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include actuarial support justifying the overall changes being made, including but not limited to: <ul style="list-style-type: none"> <li>• Pure premiums (if used).</li> <li>• Earned premiums.</li> <li>• Incurred losses.</li> <li>• Loss development factors.</li> <li>• Trend factors.</li> <li>• On-Level factors.</li> <li>• Permissible loss ratios, etc.</li> </ul>  | N/A – New rate being introduced.               |
| <b>Loss Development Factors and Analysis</b>  |  |  |  |
| Insurers shall include support for loss development factors and analysis.   | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include actuarial support for loss development factors and analysis, including but not limited to loss triangles and selected factors, as well as support for the selected factors.   | N/A – New rate being introduced.               |
| <b>Ultimate Loss Selections</b>   |  |  |  |
| Insurers shall include support for ultimate loss selections.  | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include support for ultimate loss selections, including an explanation of selected losses if results from various methods differ significantly.   | N/A – New rate being introduced.               |
| <b>Trend Factors and Analysis</b>   |  |  |  |
| Insurers shall include support for trend factors and analysis.  | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include support for trend factors and analysis, including loss and premium trend exhibits demonstrating the basis for the selections used.  | N/A – New rate being introduced.               |
| <b>On-Level Factors and Analysis</b>  |  |  |  |
| Insurers shall include support for on-level factors and analysis.   | <u>215 ILCS 5/155.18</u><br><br><u>50 IL Adm. Code 929</u> | Insurers shall include support for on-level factors and analysis, including exhibits providing on-level factors and past rate changes included in calculations.  | N/A – New rate being introduced.               |

|   |  |   |  |
|---|--|---|--|
| <b>Loss Adjustment Expenses</b>   |  |   |  |
| Insurers shall include support for loss adjustment expenses.  | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers shall include support for loss adjustment expenses, including exhibits providing documentation to support factors used for ALAE and ULAE. If ALAE is included in loss development analysis, no additional ALAE exhibit is required.  | N/A – New rate being introduced.               |
| <b>Expense Exhibit</b>  |  |   |  |
| Insurers shall include an expense exhibit.<br><br>Insurers may use expense provisions that differ from those of other companies or groups of companies. | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers shall include an exhibit indicating all expenses used in the calculation of the permissible loss ratio, including explanations and support for selections.<br><br>The systems of expense provisions included in the rates for use by any company or group of companies may differ from those of other companies or groups of companies to reflect the operating methods of any such company or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof.   | N/A – New rate being introduced.               |
| <b>Investment Income Calculation</b>  |  |   |  |
| Insurers shall include an exhibit for investment income calculation.  | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers shall include an exhibit demonstrating the calculation for the investment income factor used in the indication.  | N/A – New rate being introduced.               |
| <b>Profit and Contingencies Calculation</b>   |  |   |  |
| Insurers shall include an exhibit for profit and contingencies load.  | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers shall include an exhibit illustrating the derivation of any profit and contingencies load.   | N/A – New rate being introduced.               |
| <b>Credibility Standard Used</b>  |  |   |  |
| Insurers shall include the number of claims being used to calculate the credibility factor.   | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers should include the number of claims being used to calculate the credibility factor. If another method of calculating credibility is utilized, insurers should include a description of the method used.  | N/A – New rate being introduced.               |
| <b>Other Actuarial Information Required</b>   |  |   |  |
| Insurers must include the information described in this section.  | 215 ILCS 5/155.18<br>50 IL Adm. Code 929 | Insurers shall also include the following information: <ul style="list-style-type: none"> <li>All actuarial support/justification for all rates being changed, including but not limited to changes in: <ul style="list-style-type: none"> <li>Base rates;</li> <li>Territory definitions;</li> <li>Territory factor changes;</li> <li>Classification factor changes;</li> <li>Classification definition changes;</li> <li>Changes to schedule credits/debits, etc.</li> </ul> </li> <li>Exhibits containing current and proposed rates/factors for all rates and classification</li> </ul> | See attached actuarial memorandum and exhibit. |

|   |  |  |                                  |
|---|--|--|----------------------------------|
|   |  | factors, etc. being changed.   |                                  |
|   |  | <ul style="list-style-type: none"> <li>Any exhibits necessary to support the filing that are not mentioned elsewhere in this checklist.</li> </ul> |                                  |
| <b>Schedule Rating</b>  |  |  |                                  |
| Insurers must include the described information described at right. | <u>215 ILCS 5/155.18</u><br><u>50 IL Adm. Code 929</u> | Insurers should include appropriate actuarial justification when filing schedule rating plans and/or changes to schedule rating plans.             | Not applicable with this filing. |



# American Physicians Assurance Corporation

Health Care Providers Professional Liability Insurance

Countrywide Manual Pages

## I. GENERAL INSTRUCTIONS

- A. This manual contains the rules, rating classifications and rates governing the underwriting of healthcare provider professional liability insurance by American Physicians Assurance Corporation (the Company).
- B. The rules, classifications and rates in this manual are effective as of the date indicated on each page. When a change is made, a reprinted page containing the change and its effective date is distributed. The change is specifically designated by an asterisk (\*) on the outer margin of the affected page(s).
- C. Specific exceptions to these rules are indicated in the appropriate state rate and rules exception pages.

## II. GENERAL RULES

### A. Rates:

Premiums are calculated by using mature claims-made base rates exhibited in the state rate and rules exception pages for limits of \$1,000,000/\$3,000,000 and by applying applicable claims-made maturity factors or other coverage option factors.

- 1. Classification and territory are based on healthcare practice as insured by the Company. Portions of an insured healthcare practice that are uninsured, or are insured by another carrier, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- 2. Additional charges provided under any rate schedule in this manual measure the liability of an insured for the exposures covered by those additional charges. Additional charges must be obtained where those exposures exist and are insured.

### B. Minimum Premium:

\$500 is the minimum annual policy premium. This also applies to any short-term policy.

The calculation of premium for short term policies, i.e., policies written for a period of less than one year, shall be computed on a pro-rata basis.

### C. Claims Made Extended Reporting Endorsement:

- 1. Claims-made reporting period extension(s) ("tail coverage") are offered to any insured whose coverage is terminated for any reason. (Unless coverage is automatically provided within the terms of the policy).

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### D. Part-Time Eligibility:

1. A physician may be granted a part-time discount if they work 20 hours or less per week. Practice hours consist of: hospital rounds, on-call hours involving patient contact, consultation with other physicians, patient visits and charting hours. The physician must also meet at least one of the eligibility requirements listed below. Discount is subject to underwriting approval.
2. Certain specialties are not eligible regardless of number of hours, including but not limited to; surgeons, medical directors of nursing homes, first year and second year physicians etc. A physician who chooses to "work less" than full time is not eligible.
3. When picking up prior acts coverage for a physician who was previously on a full-time basis, physician does not qualify for part-time for two years.
4. Eligibility requirements:
  - a) Semi-retired if 55 years or older.
  - b) Reduced practice due to disability (must have written explanation from treating physician)
  - c) Reduced practice due to pregnancy or dependent care.
  - d) Majority of practice is insured through another entity, employer or carrier.
  - e) Majority of time is spent in a teaching capacity.
  - f) Majority of employment insured through a hospital.
  - g) Majority of employment in another state which is insured elsewhere.

### E. Prior Acts/Retroactive Coverage:

1. The retroactive date of a claims-made policy is the initial effective date of continuous coverage by the Company, except when the Company and the insured agree that the retroactive date should precede the initial effective date (prior acts, or, "nose" coverage). Subject to underwriting approval.
2. The rates for prior acts/retroactive coverage are adjusted to reflect any significant differences in exposure during the period for which prior acts coverage is written.

## III. CLASSIFICATION PROCEDURE

### A. For Classification assignment:

1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery and who do not assist in surgical procedures. Incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia are not considered surgical procedures.

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2. The term “minor surgery” applies to general practitioners and specialists who perform endoscopies (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C’s, vacuum curettage abortions during the first trimester of pregnancy, other similar invasive procedures, or assist in major surgery on their own patients.
  3. The term “major surgery” applies to general practitioners and specialists who perform any surgery other than “minor surgery”, and to those who assist in major surgery on other than their own patients.
- B. If two or more rating classifications apply, the rate for the highest rated classification is used.

### IV. KEY RATING STEPS

For each individual physician, surgeon, or ancillary personnel purchasing separate limits, premium is determined by performing the following calculations.

- A. Obtain mature claims-made base rate from the state exception page using the assigned specialty and territory.
- B. Multiply the result in Step A by the appropriate special rating rule factor for part-time practice, first or second year practice, or moonlighting resident (see Rule VI).
- C. Determine the appropriate decreased/increased limit factor (ILF) based on the policy limits desired and multiply the result of step B by it.
- D. If a deductible applies, determine the deductible credit amount by multiplying the result of step B by the deductible factor from Rule V-C. Subtract this deductible credit amount from the result of step C.
- E. Apply the appropriate factor for the reporting period coverage being offered:
  1. Occurrence: Apply the appropriate factor from the state exception page.
  2. TailGard<sup>®</sup>: Apply the appropriate factor from the state exception page.
  3. Claims-made: Apply the appropriate step factor from the state exception page based on the physician’s claims-made retroactive date and state specific rules.
- F. Determine the applicable merit rating adjustments from Rule X and state exception pages. Multiply the sum of the adjustments times the Standard Premium to determine the Merit Rating Credit.

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## Health Care Providers Professional Liability Insurance

- G. Subtract the Merit rating Credit from the Standard Premium and round to the nearest whole dollar. If this amount is less than minimum premium in Rule II-B, then the minimum premium applies.

If separate limits are desired for the corporate entity, calculate the additional corporation premium as follows:

- H. Sum the individual Standard Premiums for all physicians and ancillary personnel calculated above.
- I. Multiply this sum by the appropriate group coverage factor in the state exception pages and round to the nearest whole dollar.
- J. The premium for Healthcare Facilities is based on a rate per 100 annual patient visits or per \$1,000 annual receipts basis.

### V. DEDUCTIBLES

- A. Definition: A deductible makes the Insured responsible for ultimately paying a portion of any sums paid by the Company under the policy. The deductible may apply to either indemnity (payments of settlements and judgments), expense (lawyer's fees, deposition costs, etc) or both. The Company will adjust the loss as usual and then request reimbursement from the Insured for his share of the loss or expense. The deductible carries a per claim limit and an annual aggregate. The Insured pays up to the per claim limit on any one claim and continues to do so on succeeding claims until the annual aggregate is exhausted.

#### B. Eligibility Requirements

1. Deductibles may be written on claims-made policies only
2. The deductible aggregate is three times the per claim limit. The aggregate may be increased at the discretion of the underwriter based on loss history, or if the size of the group and expected losses warrant a higher aggregate.
3. An "evergreen" Letter of Credit (LOC) for the aggregate amount is always required as a prerequisite to including a deductible on any policy. A LOC is a contract between the Insured and a financial institution. It guarantees that the institution will loan the Insured up to a specified amount of money at any time while the letter is in effect. The existence of the letter assures the Company that they will be reimbursed for any sums they pay under the deductible. "Evergreen" means that the LOC contains a provision automatically renewing it on the expiration date, unless proper notice is given. The underwriter should make certain that he or she is included by first copy on the chain of correspondence between the financial institution and the Insured, so that the Company may immediately react to any attempted alteration in the LOC's

# American Physicians Assurance Corporation

## Health Care Providers Professional Liability Insurance

terms. The Company reserves the right to “draw down” the LOC and hold the funds in escrow for payment of claims if the Insured fails to renew the LOC.

4. At renewal, the Insured must present an LOC to the Company in an amount equal to the deductible aggregate plus the indemnity reserves (and expense reserves if a loss and expense deductible is selected) for any claims opened in the prior policy year(s).
  5. The deductible does not apply to any Extended Reporting Endorsement (“tail”) which may be attached to the policy.
  6. The amount of the deductible should be appropriate to the policy’s written premium and the relative financial stability of the Insured. As a general guideline, the deductible should not exceed 20% of the policy’s written premium.
- C. Deductible factors are applied to the \$1,000,000/\$3,000,000 base rate, Section IV, Rating Steps, Item D to derive the deductible credit amount. Deductibles are not available in KY.

| Deductible Amount<br>Per Incident | Indemnity Only<br>Factor | Indemnity and Defense<br>Factor |
|-----------------------------------|--------------------------|---------------------------------|
| \$5,000                           | .01                      | .03                             |
| \$10,000                          | .03                      | .05                             |
| \$15,000                          | .04                      | .08                             |
| \$25,000                          | .07                      | .12                             |
| \$30,000                          | .08                      | .13                             |
| \$50,000                          | .12                      | .19                             |
| \$75,000                          | .16                      | .25                             |
| \$100,000                         | .19                      | .30                             |
| \$200,000                         | .27                      | .43                             |

- D. PL CM 50, Deductible – Indemnity Only is to be use with Indemnity Only Factors and PL CM 52, Deductible – Indemnity and Defense Single Limit is to be use with Indemnity & Defense Factors.

## VI. SPECIAL RATING RULES

- A. Part Time: The part time rate applies to physicians (see eligibility requirements under General Rules) with the Company-insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the Company policy. Other credits may be reduced due to lower premiums with this rating. See state exception manual pages for the applicable part time rate.

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- B. First Year Physician: 50% of the otherwise applicable rate applies to physicians and surgeons beginning practice within twelve months after having completed post-graduate internship and/or residency. This discount also applies to the following:
  - 1. Military: To an insured if separated from active military service, without having had any previous practice of any kind.
  - 2. Foreign Country: To a first year physician that practices in the United States if they only previously practiced in a foreign county.
- C. Second Year Physician: 70% of the otherwise applicable rate applies to a second year physician.
- D. Moonlighting Resident: 25% of the otherwise applicable rate applies to residents employed part-time outside their residency. The applicable rate is based on their employment practice, not their residency training. Coverage for the residency training itself is excluded.
  - 1. Requirements
    - a. The moonlighting resident must have written approval of his or her residency program for outside “moonlighting” employment in order for the Company to offer coverage.
    - b. If a moonlighting resident is joining a group, we do require that we write the group.
- E. Suspension of Coverage: Upon an insured’s temporary leave from active practice for reasons of health, education, military service, maternity or other appropriate reason as judged by the Company, for a period of at least three months and not more than 36 months, claims-made coverage may be “suspended”.
  - 1. 20% of the otherwise applicable premium will be charged, subject to minimum premium.
- F. Multiple Territory Exposure: If a doctor has exposure in 2 or more different rating territories, the rate for the highest rated territory is used.
- G. Claims-Made Extended Reporting Endorsement: Two options are available as described below:
  - 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor exhibited in the state rate pages to the current claims-made rate in effect at the time the tail is issued. Merit rating does not apply to this calculation.

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## Health Care Providers Professional Liability Insurance

2. Alternatively, three extensions may be issued. One as of the policy termination date and the subsequent two anniversaries of the termination date. Separate limits apply for each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 35% of the rate applicable to the single unlimited extension. The Reporting Period Extension Factors are applied to current claims-made rates in effect on each subsequent anniversary date. Merit rating does not apply to this calculation. Exception: IL – see state exception pages for the appropriate Claims-Made Extended Reporting Endorsement Rule.

### VII. OPTIONAL COVERAGES

#### A. Locum Tenens Physician

1. A substitute physician is included in the insured's policy at no charge until a cumulative period of substitution in one policy period is greater than 30 days.
2. The Company may, at its discretion, allow an additional substitution period or periods to be written beyond this 30-day limit for an additional premium equal to the pro-rata portion of the insured's premium for the period of substitution, subject to a \$500 minimum premium.

#### B. Prior Acts/Retroactive Coverage:

1. Coverage is rated according to the application of claims-made maturity factors exhibited in the state rate pages to current mature base rate. The claims-made maturity factor used is that which best reflects the maturity of coverage. If the retroactive date falls on a date other than an anniversary date (1<sup>st</sup> year, 2<sup>nd</sup> year, etc.) for which factors are exhibited in the state rate pages, the claims-made factor will be derived on a pro rate basis from the two closest claims-made maturity factors.

#### C. Occurrence Coverage:

The Company offers occurrence coverage in a limited number of states (IN, MI and NM). Please see the state exception pages for rates and rules regarding occurrence coverage.

#### D. TailGard® Coverage:

1. The Company, offers claims-made coverage with promise to provide a reporting period extension ("tail") for no charge at the end of the continuous sequence of coverage on this basis in MI only.
2. The cost of claims-made coverage including this pre-paid "tail" is the same as the mature claims-made rate, regardless of the otherwise applicable claims-made maturity factor.
3. The first policy of a sequence of policies on this basis must begin on a retroactive date, which is the inception date.

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## Health Care Providers Professional Liability Insurance

### VIII. CORPORATE ENTITY COVERAGE

#### A. Organization Coverage – Shared Limits (Non- Stacking)

A professional association, corporation or other similar professional legal entity may be included as an additional insured with no additional limits of insurance for no additional charge.

#### B. Organization Coverage – Separate Limits (Stacking)

1. A professional association, corporation, partnership or other legal entity that employs more than one physician may purchase a separate limit of liability. See state exception manual pages for IN and WI.
2. This policy is written at limits of liability no greater than the lowest limit written on behalf of any of the owners or members of the organization.
3. The organization coverage charge is a percentage of the applicable rate of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge. See state exception manual pages for the applicable percentage rate.
4. Employees of the organization required by state law or regulation to maintain professional license certifications or registrations with respect to the scope of duties performed may be subject to vicarious or shared limits charge as defined in the additional charges section of the manual.

#### C. Affiliated Physician

If an employee has insurance for at least the limits of insurance of the named insured from a carrier other than the Company, 15% of the rate otherwise applicable to the employee's specialty can be charged. Subject to underwriting approval.

### IX. ADDITIONAL CHARGES:

The following charges for ancillary employees will be applied to an individual physician or surgeon policy. If a corporate entity separate limit policy is written, the charges will be applied to the applicable corporate entity policy. Coverage form and limits of liability must be the same as the individual physician or surgeon policy or the corporate entity separate limit policy.



# American Physicians Assurance Corporation

## Health Care Providers Professional Liability Insurance

### A. Vicarious Exposure Charges

1. Premium charges are made based on the additional exposure to the employers created by employment. No coverage is provided on behalf of the employee(s) as an additional insured.
2. These charges are according to rates exhibited in Item D., which are added to the insured's premium.
3. These charges may be waived if direct insurance on behalf of the employee(s) is purchased through the Company.

### B. Additional Insured – Shared Limits

1. Certain categories of employees may be added as additional insureds with no increase in limits of insurance, according to rates exhibited below in Item D.
2. The premiums developed from these factors are to be added to insured's premium before application of named insured maturity factors.

### C. Additional Insureds – Separate Limits

1. Certain categories of employees may be added as additional insureds with separate additional limits of insurance applicable, according to rates included in the following schedule shown in Item D. A completed healthcare provider application will be required when separate limits are requested.
2. Separate limits are available only for the listed healthcare professionals shown in Item D. The retroactive date applicable to that employee must be provided and the employee's maturity factor will be applied when separate limits are written.

### D. Premium Charges for Vicarious, Shared, and Separate Limits

| Specialty Code | Healthcare Professional | Vicarious Exposure Charge | Shared Limit Charge | Separate Limit Charge |
|----------------|-------------------------|---------------------------|---------------------|-----------------------|
| 411            | Chiropractor            | 25% of class 420          | 35% of class 420    | 70% of class 420      |
| 452            | Nurse Anesthetist       | 5% of class 151           | 7.5% of class 151   | 15% of class 151      |
| 962            | Nurse Midwife           | 10% of class 153          | 25% of class 153    | 50% of class 153      |
| 963            | Nurse Practitioner      | 5% of class 420           | 7.5% of class 420   | 15% of class 420      |
| 942            | Perfusionist            | 5% of class 420           | 7.5% of class 420   | 15% of class 420      |
| 807            | Physician Assistant     | 5% of class 420           | 7.5% of class 420   | 15% of class 420      |
| 943            | Podiatrist/ incl. surg. | 25% of class 143          | 40% of class 143    | 50% of class 143      |
| 944            | Podiatrist – no surg.   | 20% of class 420          | 35% of class 420    | 70% of class 420      |
| 946            | Psychologist            | No Charge                 | 5% of class 249     | 10% of class 249      |
| 808            | Surgeon Assistant       | 5% of class 420           | 7.5% of class 420   | 15% of class 420      |

# American Physicians Assurance Corporation

## Health Care Providers Professional Liability Insurance

### X. MERIT-RATING

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed a specified percentage. Please refer to rates, state rule exception pages for details.

#### A. Claim-free Credit

1. The Company will allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.
2. The time frame for any claim is based on the date the claim is reported.
3. This credit does not apply to part-time physicians.
4. Credit schedule - See state exception manual pages for the applicable credit schedule):

#### B. Schedule Rating Plan

Based upon the Underwriters overall evaluation, an exposure may justify a modification (credit/debit) to the otherwise applicable premium based on one or more of the following individual risk characteristics. Please note: these are guidelines and are not intended to be a comprehensive list of every consideration.

Please refer to rates, state rule exception pages for details regarding maximum credits/debits.

#### Schedule of Individual Risk Characteristics:

|    |   |
|----|---|
| 1. | Professional Skills, Years of experience in the practice of medicine  |
| 2. | Board Certification   |
| 3. | Longevity with American Physicians  |
| 4. | Established policies and procedures   |
| 5. | Cooperation with claims management  |
| 6. | Risk Management Practices (including but not limited to the following :)<br>a) Communication Skills Assessment (CSA)<br>1) Recommended 2) Underwriter Discretion 3) Not Recommended<br>b) On-Site Risk Management Assessment<br>1) Excellent 2) Above Average 3) Average 4) Below Average |
| 7. | Number and type of patient exposures/practice hours   |
| 8. | Continuing Medical Education/Adequate training  |
| 9. | Training, accreditation, credentialing, privileges, professional society membership, and hospital affiliations  |

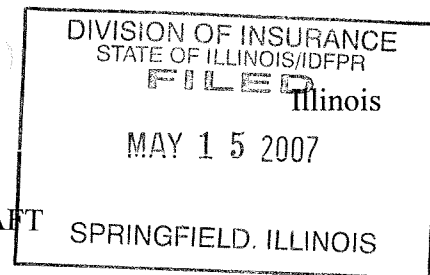
# American Physicians Assurance Corporation

## Health Care Providers Professional Liability Insurance

### XI. CONSENT TO RATE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this manual.
- B. In the event that a higher rate is warranted based on the claims history or other circumstances, an individual rate filing signed by the insured or the applicant is filed as required by, and to the satisfaction of the appropriate state insurance department or bureau.

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Health Care Providers Professional Liability Insurance



**XII. RATES, STATE RULES EXCEPTIONS--Illinois** FINAL DRAFT

**A. Illinois Rating Territories**

| <b>Territory Code</b> | <b>Territory Description</b>   | <b>Territory Factor</b> |
|-----------------------|--|-------------------------|
| 1                     | Cook, Madison and St. Clair Counties                                 | 1.000                   |
| 2                     | Jackson, Vermilion and Will Counties                                 | 0.870                   |
| 3                     | DuPage, Kane, Lake, McHenry and Winnebago Counties                   | 0.800                   |
| 4                     | Champaign, Macon and Sangamon Counties                               | 0.630                   |
| 5                     | Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties | 0.720                   |
| 6                     | Remainder of State   | 0.540                   |
| 7                     | Peoria County  | 0.480                   |

**B. Mature Claims-Made Rates - Countrywide Manual Section II. General Rules, Rule A. Rates – is amended to read:** Premiums are calculated by using the mature claims-made base rates, as shown below with limits of \$1,000,000/\$4,000,000 and by applying applicable claims-made maturity factors or other coverage option factors.

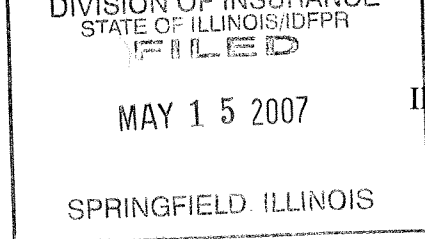
| <b>Specialty Code</b> | <b>ILFs Alpha Code</b> | <b>Specialty Description</b>           | <b>Terr. 1</b> | <b>Terr. 2</b> | <b>Terr. 3</b> | <b>Terr. 4</b> | <b>Terr. 5</b> | <b>Terr. 6</b> | <b>Terr. 7</b> |
|-----------------------|------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 229                   |                        | Addictionology                         | 18,707         | 16,275         | 14,965         | 11,785         | 13,469         | 10,102         | 8,979          |
| 230                   |                        | Aerospace Medicine                     | 26,722         | 23,249         | 21,378         | 16,835         | 19,240         | 14,430         | 12,827         |
| 254                   |                        | Allergy                                | 19,133         | 16,646         | 15,306         | 12,054         | 13,776         | 10,332         | 9,184          |
| 151                   |                        | Anesthesiology                         | 47,006         | 40,895         | 37,605         | 29,614         | 33,845         | 25,383         | 22,563         |
| 196                   |                        | Anesthesiology – Pain Management       | 47,006         | 40,895         | 37,605         | 29,614         | 33,845         | 25,383         | 22,563         |
| 255                   |                        | Cardiovascular Disease – No Surgery    | 30,786         | 26,784         | 24,629         | 19,395         | 22,166         | 16,624         | 14,777         |
| 281                   |                        | Cardiovascular Disease - Minor Surgery | 64,149         | 55,810         | 51,319         | 40,414         | 46,187         | 34,641         | 30,792         |
| 256                   |                        | Dermatology                            | 21,809         | 18,974         | 17,447         | 13,739         | 15,702         | 11,777         | 10,468         |
| 282                   |                        | Dermatology – Minor Surgery            | 39,336         | 34,223         | 31,469         | 24,782         | 28,322         | 21,242         | 18,881         |
| 237                   |                        | Diabetes – No Surgery                  | 28,974         | 25,207         | 23,179         | 18,254         | 20,861         | 15,646         | 13,907         |
| 271                   |                        | Diabetes – Minor Surgery               | 42,818         | 37,252         | 34,255         | 26,975         | 30,829         | 23,122         | 20,553         |
| 102                   | S                      | Emergency Medicine – No Major Surgery  | 106,801        | 92,917         | 85,441         | 67,285         | 76,897         | 57,672         | 51,264         |
| 238                   |                        | Endocrinology – No Surgery             | 27,610         | 24,020         | 22,088         | 17,394         | 19,879         | 14,909         | 13,253         |
| 272                   |                        | Endocrinology – Minor Surgery          | 40,801         | 35,497         | 32,641         | 25,705         | 29,377         | 22,033         | 19,585         |

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance

STATE OF ILLINOIS/IDFPR  
**FILED**  
MAY 15 2007  
SPRINGFIELD, ILLINOIS

| Specialty Code | ILFs Alpha Code | Specialty Description   | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
| 420            |                 | Family/General Practitioners – No Surgery                         | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |
| 421            |                 | Family/General Practitioners – Minor Surgery                      | 50,206  | 43,680  | 40,165  | 31,630  | 36,149  | 27,111  | 24,099  |
| 521            |                 | Family/General Practitioners – Minor Surgery – 0 to 24 deliveries | 51,002  | 44,372  | 40,801  | 32,131  | 36,721  | 27,541  | 24,481  |
| 240            |                 | Forensic or Legal Medicine  | 18,707  | 16,275  | 14,965  | 11,785  | 13,469  | 10,102  | 8,979   |
| 241            |                 | Gastroenterology – No Surgery                                     | 46,458  | 40,418  | 37,166  | 29,268  | 33,449  | 25,087  | 22,300  |
| 274            |                 | Gastroenterology – Minor Surgery                                  | 49,543  | 43,102  | 39,634  | 31,212  | 35,671  | 26,753  | 23,781  |
| 231            |                 | General Preventive Medicine – No Surgery                          | 17,571  | 15,286  | 14,056  | 11,069  | 12,651  | 9,488   | 8,434   |
| 243            |                 | Geriatrics – No Surgery   | 31,829  | 27,691  | 25,463  | 20,052  | 22,917  | 17,188  | 15,278  |
| 276            |                 | Geriatrics – Minor Surgery  | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 244            |                 | Gynecology – No Surgery   | 27,201  | 23,665  | 21,761  | 17,137  | 19,585  | 14,689  | 13,057  |
| 277            |                 | Gynecology – Minor Surgery  | 43,614  | 37,944  | 34,891  | 27,477  | 31,402  | 23,551  | 20,934  |
| 245            |                 | Hematology – No Surgery   | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |
| 278            |                 | Hematology – Minor Surgery  | 53,336  | 46,402  | 42,668  | 33,601  | 38,402  | 28,801  | 25,601  |
| 283            |                 | Hospitalist/Intensive Care Medicine                               | 41,690  | 36,271  | 33,352  | 26,265  | 30,017  | 22,513  | 20,011  |
| 232            |                 | Hypnosis  | 16,566  | 14,412  | 13,253  | 10,436  | 11,927  | 8,946   | 7,952   |
| 246            |                 | Infectious Diseases – No Surgery                                  | 54,527  | 47,439  | 43,622  | 34,352  | 39,260  | 29,445  | 26,173  |
| 279            |                 | Infectious Diseases – Minor Surgery                               | 85,948  | 74,775  | 68,758  | 54,147  | 61,882  | 46,412  | 41,255  |
| 283            |                 | Intensive Care Medicine/Hospitalist                               | 41,690  | 36,271  | 33,352  | 26,265  | 30,017  | 22,513  | 20,011  |
| 257            |                 | Internal medicine – No Surgery                                    | 50,464  | 43,904  | 40,371  | 31,792  | 36,334  | 27,251  | 24,223  |
| 284            |                 | Internal medicine – Minor Surgery                                 | 65,700  | 57,159  | 52,560  | 41,391  | 47,304  | 35,478  | 31,536  |
| 258            |                 | Laryngology – No Surgery  | 32,176  | 27,993  | 25,741  | 20,271  | 23,167  | 17,375  | 15,445  |
| 285            |                 | Laryngology – Minor Surgery                                       | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |
| 801            |                 | Manipulative Medicine   | 19,244  | 16,742  | 15,395  | 12,123  | 13,855  | 10,392  | 9,237   |
| 471            |                 | Neonatology - No Surgery  | 72,361  | 62,954  | 57,889  | 45,588  | 52,100  | 39,075  | 34,733  |
| 476            |                 | Neonatology – Minor Surgery                                       | 90,453  | 78,694  | 72,363  | 56,986  | 65,126  | 48,845  | 43,418  |
| 259            |                 | Neoplastic Diseases – No Surgery                                  | 38,196  | 33,231  | 30,557  | 24,064  | 27,501  | 20,626  | 18,334  |
| 260            |                 | Nephrology – No Surgery   | 33,845  | 29,445  | 27,076  | 21,322  | 24,368  | 18,276  | 16,245  |
| 287            |                 | Nephrology – Minor Surgery  | 50,016  | 43,514  | 40,013  | 31,510  | 36,012  | 27,009  | 24,008  |
| 261            |                 | Neurology – No Surgery  | 45,273  | 39,387  | 36,218  | 28,522  | 32,596  | 24,447  | 21,731  |
| 288            |                 | Neurology – Minor Surgery   | 53,751  | 46,763  | 43,001  | 33,863  | 38,701  | 29,025  | 25,800  |
| 262            |                 | Nuclear Medicine  | 28,211  | 24,544  | 22,569  | 17,773  | 20,312  | 15,234  | 13,541  |
| 248            |                 | Nutrition   | 16,566  | 14,412  | 13,253  | 10,436  | 11,927  | 8,946   | 7,952   |
| 233            |                 | Occupational Medicine   | 22,268  | 19,373  | 17,814  | 14,029  | 16,033  | 12,025  | 10,689  |
| 473            |                 | Oncology – No Surgery   | 38,196  | 33,231  | 30,557  | 24,064  | 27,501  | 20,626  | 18,334  |
| 286            |                 | Oncology – Minor Surgery  | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 263            |                 | Ophthalmology – No Surgery  | 28,390  | 24,699  | 22,712  | 17,886  | 20,441  | 15,331  | 13,627  |
| 289            |                 | Ophthalmology – Minor Surgery                                     | 30,852  | 26,841  | 24,681  | 19,436  | 22,213  | 16,660  | 14,809  |
| 264            |                 | Otology – No Surgery  | 33,785  | 29,393  | 27,028  | 21,285  | 24,326  | 18,244  | 16,217  |
| 290            |                 | Otology – Minor Surgery   | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |

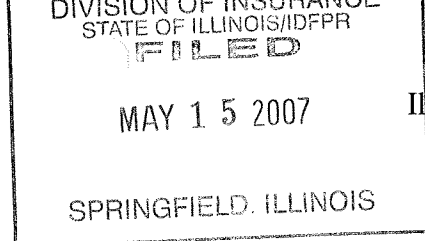
**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance



Illinois

| Specialty Code | ILFs Alpha Code | Specialty Description                                 | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
| 265            |                 | Otorhinolaryngology – No Surgery                      | 20,746  | 18,049  | 16,596  | 13,070  | 14,937  | 11,203  | 9,958   |
| 291            |                 | Otorhinolaryngology – Minor Surgery                   | 43,156  | 37,546  | 34,525  | 27,188  | 31,072  | 23,304  | 20,715  |
| 266            |                 | Pathology – No Surgery                                | 28,956  | 25,192  | 23,165  | 18,242  | 20,848  | 15,636  | 13,899  |
| 292            |                 | Pathology – Minor Surgery                             | 50,616  | 44,036  | 40,493  | 31,888  | 36,444  | 27,333  | 24,296  |
| 267            |                 | Pediatrics – No Surgery                               | 33,092  | 28,790  | 26,474  | 20,848  | 23,827  | 17,870  | 15,884  |
| 293            |                 | Pediatrics – Minor Surgery                            | 49,257  | 42,854  | 39,406  | 31,032  | 35,465  | 26,599  | 23,643  |
| 234            |                 | Pharmacology  | 26,722  | 23,249  | 21,378  | 16,835  | 19,240  | 14,430  | 12,827  |
| 235            |                 | Physiatry or Physical Medicine and Rehabilitation     | 19,244  | 16,742  | 15,395  | 12,123  | 13,855  | 10,392  | 9,237   |
| 437            |                 | Physicians – No Major Surgery – acupuncture           | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 802            |                 | Physicians – No Major Surgery – Sclerotherapy         | 51,260  | 44,596  | 41,008  | 32,294  | 36,907  | 27,680  | 24,605  |
| 431            |                 | Physicians – No Major Surgery – shock therapy         | 51,260  | 44,596  | 41,008  | 32,294  | 36,907  | 27,680  | 24,605  |
| 268            |                 | Physicians – not otherwise classified – no surgery    | 30,149  | 26,230  | 24,120  | 18,994  | 21,708  | 16,281  | 14,472  |
| 294            |                 | Physicians – not otherwise classified – minor surgery | 47,037  | 40,922  | 37,629  | 29,633  | 33,866  | 25,400  | 22,578  |
| 249            |                 | Psychiatry  | 19,582  | 17,036  | 15,666  | 12,337  | 14,099  | 10,574  | 9,399   |
| 250            |                 | Psychoanalysis  | 18,300  | 15,921  | 14,640  | 11,529  | 13,176  | 9,882   | 8,784   |
| 251            |                 | Psychosomatic Medicine                                | 14,774  | 12,853  | 11,819  | 9,307   | 10,637  | 7,978   | 7,091   |
| 236            |                 | Public Health   | 18,707  | 16,275  | 14,965  | 11,785  | 13,469  | 10,102  | 8,979   |
| 269            |                 | Pulmonary Diseases – No Surgery                       | 36,224  | 31,515  | 28,979  | 22,821  | 26,081  | 19,561  | 17,388  |
| 298            |                 | Pulmonary Diseases – Minor Surgery                    | 61,768  | 53,739  | 49,415  | 38,914  | 44,473  | 33,355  | 29,649  |
| 253            | S               | Radiology – diagnostic – No Surgery                   | 47,717  | 41,513  | 38,173  | 30,061  | 34,356  | 25,767  | 22,904  |
| 280            | S               | Radiology – diagnostic – Minor Surgery                | 72,607  | 63,168  | 58,086  | 45,743  | 52,277  | 39,208  | 34,852  |
| 425            | S               | Radiology – Therapeutic                               | 53,939  | 46,927  | 43,151  | 33,981  | 38,836  | 29,127  | 25,891  |
| 252            |                 | Rheumatology – No Surgery                             | 28,211  | 24,544  | 22,569  | 17,773  | 20,312  | 15,234  | 13,541  |
| 247            |                 | Rhinology – No Surgery                                | 32,176  | 27,993  | 25,741  | 20,271  | 23,167  | 17,375  | 15,445  |
| 270            |                 | Rhinology – Minor Surgery                             | 47,551  | 41,369  | 38,041  | 29,957  | 34,237  | 25,678  | 22,825  |
| 166            | S               | Surgery – Abdominal                                   | 109,343 | 95,128  | 87,474  | 68,886  | 78,727  | 59,045  | 52,484  |
| 101            | S               | Surgery – Broncho-esophagology                        | 65,605  | 57,076  | 52,484  | 41,331  | 47,235  | 35,426  | 31,490  |
| 141            | H               | Surgery – Cardiac                                     | 158,071 | 137,522 | 126,457 | 99,585  | 113,811 | 85,358  | 75,874  |
| 150            | H               | Surgery – Cardiovascular Disease                      | 144,461 | 125,681 | 115,569 | 91,010  | 104,012 | 78,009  | 69,341  |
| 115            | S               | Surgery – Colon and Rectal                            | 86,478  | 75,236  | 69,182  | 54,481  | 62,264  | 46,698  | 41,509  |
| 472            | S               | Surgery – Dermatology                                 | 66,433  | 57,796  | 53,146  | 41,853  | 47,831  | 35,874  | 31,888  |
| 157            | S               | Surgery – Emergency Medicine                          | 121,466 | 105,675 | 97,173  | 76,524  | 87,456  | 65,592  | 58,304  |
| 103            | S               | Surgery – Endocrinology                               | 57,272  | 49,827  | 45,818  | 36,082  | 41,236  | 30,927  | 27,491  |
| 117            | S               | Surgery – Family/General Practice                     | 73,077  | 63,577  | 58,462  | 46,039  | 52,615  | 39,462  | 35,077  |
| 104            | S               | Surgery – Gastroenterology                            | 67,681  | 58,883  | 54,145  | 42,639  | 48,730  | 36,548  | 32,487  |
| 143            | S               | Surgery – General – not otherwise classified          | 101,534 | 88,334  | 81,227  | 63,966  | 73,104  | 54,828  | 48,736  |
| 105            | S               | Surgery – Geriatrics                                  | 71,358  | 62,082  | 57,087  | 44,956  | 51,378  | 38,534  | 34,252  |
| 167            | H               | Surgery – Gynecology                                  | 87,768  | 76,358  | 70,215  | 55,294  | 63,193  | 47,395  | 42,129  |
| 169            | S               | Surgery – Hand  | 83,952  | 73,038  | 67,161  | 52,890  | 60,445  | 45,334  | 40,297  |
| 170            | S               | Surgery – Head and Neck                               | 103,442 | 89,994  | 82,753  | 65,168  | 74,478  | 55,858  | 49,652  |

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance



Illinois

| Specialty Code | ILFs Alpha Code | Specialty Description                                  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| 474            | H               | Surgery – Neonatology or Pediatrics                    | 117,463 | 102,193 | 93,970  | 74,002  | 84,573  | 63,430  | 56,382  |
| 107            | S               | Surgery – Neoplastic                                   | 61,666  | 53,650  | 49,333  | 38,850  | 44,400  | 33,300  | 29,600  |
| 108            | S               | Surgery – Nephrology                                   | 65,500  | 56,985  | 52,400  | 41,265  | 47,160  | 35,370  | 31,400  |
| 152            | H               | Surgery – Neurology                                    | 256,404 | 223,071 | 205,123 | 161,534 | 184,611 | 138,458 | 123,074 |
| 168            | H               | Surgery – Obstetrics                                   | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 153            | H               | Surgery – Obstetrics – Gynecology                      | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 560            | H               | Surgery – Obstetrics – Gynecology – 0 to 49 deliveries | 126,223 | 109,814 | 100,979 | 79,521  | 90,881  | 68,161  | 60,587  |
| 561            | H               | --50 to 69 deliveries                                  | 130,160 | 113,239 | 104,128 | 82,001  | 93,715  | 70,286  | 62,477  |
| 562            | H               | --70 to 89 deliveries                                  | 134,103 | 116,670 | 107,283 | 84,485  | 96,554  | 72,416  | 64,370  |
| 563            | H               | -- 90 to 109 deliveries                                | 141,993 | 123,534 | 113,595 | 89,456  | 102,235 | 76,676  | 68,157  |
| 564            | H               | --110 to 129 deliveries                                | 149,885 | 130,400 | 119,908 | 94,427  | 107,917 | 80,938  | 71,945  |
| 565            | H               | --130 to 149 deliveries                                | 157,770 | 137,259 | 126,216 | 99,395  | 113,594 | 85,196  | 75,729  |
| 566            | H               | --150 to 169 deliveries                                | 173,547 | 150,986 | 138,838 | 109,335 | 124,954 | 93,715  | 83,303  |
| 567            | H               | --170 to 189 deliveries                                | 189,325 | 164,713 | 151,460 | 119,275 | 136,314 | 102,236 | 90,876  |
| 568            | H               | --190 to 209 deliveries                                | 205,100 | 178,437 | 164,080 | 129,213 | 147,672 | 110,754 | 98,448  |
| 569            | H               | --210 to 229 deliveries                                | 220,880 | 192,165 | 176,704 | 139,154 | 159,033 | 119,275 | 106,022 |
| 570            | H               | --230 to 249 deliveries                                | 236,654 | 205,889 | 189,323 | 149,092 | 170,391 | 127,793 | 113,594 |
| 571            | H               | --250 to 269 deliveries                                | 252,431 | 219,615 | 201,945 | 159,032 | 181,751 | 136,313 | 121,167 |
| 572            | H               | --270 to 289 deliveries                                | 268,211 | 233,344 | 214,569 | 168,973 | 193,112 | 144,834 | 128,741 |
| 573            | H               | --290 to more deliveries                               | 283,985 | 247,067 | 227,188 | 178,911 | 204,470 | 153,352 | 136,313 |
| 114            | S               | Surgery – Ophthalmology                                | 54,663  | 47,557  | 43,730  | 34,438  | 39,357  | 29,518  | 26,238  |
| 804            | S               | Surgery – Ophthalmology – Plastic                      | 71,524  | 62,226  | 57,219  | 45,060  | 51,498  | 38,623  | 34,332  |
| 154            | H               | Surgery – Orthopedic                                   | 168,919 | 146,960 | 135,135 | 106,419 | 121,622 | 91,216  | 81,081  |
| 164            | H               | Surgery – Orthopedic – without procedures on the back  | 124,471 | 108,289 | 99,577  | 78,417  | 89,619  | 67,214  | 59,746  |
| 158            | S               | Surgery – Otolaryngology                               | 69,371  | 60,353  | 55,497  | 43,704  | 49,947  | 37,460  | 33,298  |
| 159            | S               | Surgery – Otorhinolaryngology                          | 63,484  | 55,231  | 50,787  | 39,995  | 45,708  | 34,281  | 30,472  |
| 156            | H               | Surgery – Plastic – not otherwise classified           | 101,818 | 88,581  | 81,454  | 64,145  | 73,309  | 54,982  | 48,873  |
| 155            | S               | Surgery – Otorhinolaryngology                          | 96,417  | 83,883  | 77,134  | 60,743  | 69,420  | 52,065  | 46,280  |
| 160            | S               | Surgery – Rhinology                                    | 69,371  | 60,353  | 55,497  | 43,704  | 49,947  | 37,460  | 33,298  |
| 144            | H               | Surgery – Thoracic                                     | 142,488 | 123,965 | 113,991 | 89,768  | 102,592 | 76,944  | 68,394  |
| 171            | H               | Surgery – Traumatic                                    | 134,472 | 116,991 | 107,578 | 84,717  | 96,820  | 72,615  | 64,547  |
| 145            | S               | Surgery – Urological                                   | 66,185  | 57,581  | 52,948  | 41,696  | 47,653  | 35,740  | 31,769  |
| 146            | H               | Surgery – Vascular                                     | 150,238 | 130,707 | 120,190 | 94,650  | 108,171 | 81,129  | 72,114  |
| 424            |                 | Urgent Care Medicine                                   | 37,605  | 32,716  | 30,084  | 23,691  | 27,076  | 20,307  | 18,050  |

**Note:** When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule F.

C. Mature Claims-Made Rates – Dentists

**American Physicians Assurance Corporation**  
Health Care Providers Professional Liability Insurance

FILED  
MAY 15 2007

Illinois

SPRINGFIELD, ILLINOIS

| Specialty Code | ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|----------------|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| 212            |                 | Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia | 41,564  | 36,161  | 33,252  | 26,186  | 29,926  | 22,445  | 19,951  |
| 210            |                 | Dentists – Minor Surgery   | 20,783  | 18,081  | 16,627  | 13,093  | 14,964  | 11,223  | 9,976   |
| 211            |                 | Dentists – No Surgery - not otherwise classified   | 8,313   | 7,233   | 6,651   | 5,237   | 5,986   | 4,489   | 3,990   |

**D. Mature Claims-Made Rates – Healthcare Facilities**

**1. Emergency Room Groups\***

| ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| S               | Emergency Room Groups (“Per 100 patient visits” basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the “per patient visit” premium. | 2,143   | 1,865   | 1,715   | 1,350   | 1,543   | 1,157   | 1,029   |

**2. Urgent Care Groups\***

| ILFs Alpha Code | Specialty Description   | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|---|---------|---------|---------|---------|---------|---------|---------|
|                 | Urgent Care Groups (“Per 100 patient visits” basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the “per patient visit” premium. | 602     | 523     | 481     | 379     | 433     | 325     | 289     |

**3. Outpatient Surgery Centers\***

| ILFs Alpha Code | Specialty Description  | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|--|---------|---------|---------|---------|---------|---------|---------|
| S               | Outpatient Surgery Centers (Surgicenters) (“Per 100 patient visits” basis). All physicians must be separately insured by American Physicians in order to provide coverage for the outpatient surgery center. | 3,046   | 2,650   | 2,437   | 1,919   | 2,193   | 1,645   | 1,462   |

**4. Additional Healthcare Facility Rates (per \$1000 receipts basis)\***

| ILFs Alpha Code | Specialty Description/Code            | Terr. 1 | Terr. 2 | Terr. 3 | Terr. 4 | Terr. 5 | Terr. 6 | Terr. 7 |
|-----------------|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|
|                 | X-Ray / Imaging Laboratory/Code 88526 | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    | 7.43    |



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\*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3, and 4 is \$2,500.

**E. Premium Charges for Vicarious, Shared and Separate Limits**

Under Countrywide Rule IX., Item D., Premium Charges for Vicarious, Shared and Separate Limits is replaced in its entirety with the following:

| Specialty Code | Healthcare Professional | Vicarious Limit Charge | Shared Limit Charge | Separate Limit Charge |
|----------------|-------------------------|------------------------|---------------------|-----------------------|
| 411            | Chiropractor            | 0%                     | 35% of class 420    | 70% of class 420      |
| 452            | Nurse Anesthetist       | 0%                     | 7.5% of class 151   | 15% of class 151      |
| 962            | Nurse Midwife           | 0%                     | 25% of class 153    | 50% of class 153      |
| 963            | Nurse Practitioner      | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 942            | Perfusionist            | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 807            | Physician Assistant     | 0%                     | 7.5% of class 420   | 15% of class 420      |
| 943            | Podiatrist/incl. surg.  | 0%                     | 40% of class 143    | 50% of class 143      |
| 944            | Podiatrist – no surg.   | 0%                     | 35% of class 420    | 70% of class 420      |
| 946            | Psychologist            | 0%                     | 5% of class 249     | 10% of class 249      |
| 808            | Surgeon Assistant       | 0%                     | 7.5% of class 420   | 15% of class 420      |

**F. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$4,000,000 rates:**

| Higher Limits of Liability | All Other Physicians and Dentists | Emergency Medicine, Radiologists, All Other Surgery (S) | Selected Surgical Specialties (H) |
|----------------------------|-----------------------------------|---|-----------------------------------|
|----------------------------|-----------------------------------|---|-----------------------------------|

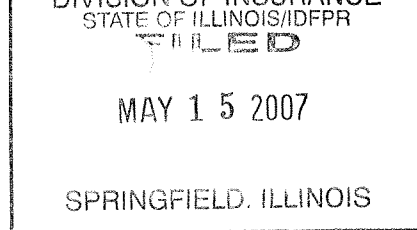
|                         |       |       |       |
|-------------------------|-------|-------|-------|
| \$2,000,000/\$4,000,000 | 1.344 | 1.418 | 1.460 |
|-------------------------|-------|-------|-------|

For higher Limits of Liability – Refer to Company

**G. Limits that are less than these \$1,000,000/\$4,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$4,000,000 rates (not including any credit applied for a deductible):**

| Limits of Liability     | All Physicians, Surgeons, and Dentists |
|-------------------------|--|
| \$100,000/\$400,000     | 0.480                                  |
| \$200,000/\$800,000     | 0.620                                  |
| \$250,000/\$1,000,000   | 0.665                                  |
| \$300,000/\$1,200,000   | 0.700                                  |
| \$500,000/\$2,000,000   | 0.790                                  |
| \$750,000/\$3,000,000   | 0.920                                  |
| \$1,000,000/\$2,000,000 | 0.980                                  |
| \$1,000,000/\$4,000,000 | 1.000                                  |

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**H. Claims-Made Maturity Factors**

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

|             |      |
|-------------|------|
| First Year  | 0.25 |
| Second Year | 0.40 |
| Third Year  | 0.75 |
| Fourth Year | 0.90 |
| Fifth Year  | 0.95 |
| Sixth Year  | 0.98 |
| Mature      | 1.00 |

**I. Reporting Period Extension Rules**

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason using the following calculation methods at the time of termination. A minimum of 30 days notice after the policy is terminated will be given to the policyholder to purchase the extended reporting period coverage. There are no credits or debits that will be added or removed when determining the cost of the claims-made reporting period extension.

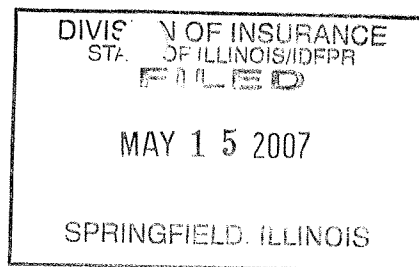
1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring annual premium.
2. Alternatively, one 12 month extension may be purchased as of the policy termination and the next two annual anniversaries of that termination. Separate limits apply for each of the three extensions. The second extension is a 12 month extension and the final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).

**J. Reporting Period Extension Factors - Factors are applied to the claims-made rate applicable to the expiring annual premium at the time the extended reporting endorsement is offered.**

|             |      |
|-------------|------|
| First Year  | 4.00 |
| Second Year | 3.88 |
| Third Year  | 2.40 |
| Fourth Year | 2.11 |

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|            |      |
|------------|------|
| Fifth Year | 2.05 |
| Sixth Year | 2.01 |
| Mature     | 1.97 |



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**K. Corporate Entity Coverage**

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, sub item 3. is replaced with the following:

|    |                      |               |
|----|----------------------|---------------|
| 3. | <u># of Insureds</u> | <u>Charge</u> |
|    | 2-5                  | 15.0%         |
|    | 6-9                  | 12.0%         |
|    | 10-19                | 9.0%          |
|    | 20 or more           | 7.0%          |

**M. Part-Time Rule**

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

- A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

**XIII. Merit Rating**

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed **135%**. The total credit that may be applied under the Claims-Free Credit Rule is **-15%** and the total credit/debit that may be applied under the Schedule Rating Plan is **+/- 35%**.

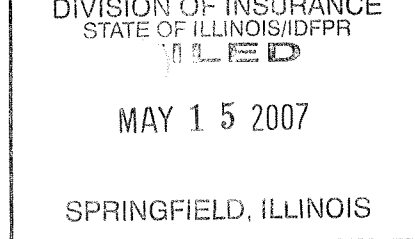
**A. Claim-Free Credit**

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

**1. Credit Schedule:**

|  |               |
|--|---------------|
| <u>Years of Claims-Free Experience</u> | <u>Credit</u> |
| Three to Five Years                    | 5%            |
| Six to Seven Years                     | 10%           |
| Eight or More Years                    | 15%           |

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**B. Schedule Rating Plan**

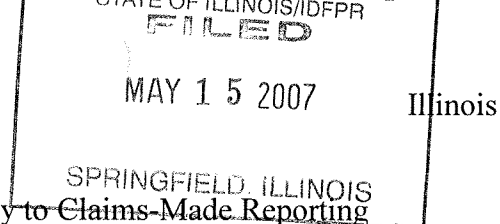
The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. The maximum allowable credit/debit for the Schedule Rating Plan is +/- 35%.

|   | Maximum<br><u>Credit</u> | <u>Debit</u> |
|---|--------------------------|--------------|
| 1. Professional Skills, Quality of Care   | 10%                      | 10%          |
| Use of a recognized system of clinical guidelines. Relevant board certification. Accreditation status by a recognized regulatory body. The provision of medical care limited to qualified individuals. Continuing education of all professional staff beyond what is required by state licensing regulation. Maintenance of premises and equipment. |                          |              |
| 2. Patient Rapport  | 10%                      | 10%          |
| Length of service and reputation in community. Established policies and procedures for patient services. Cooperation with the Company claims management and resolution procedures.  |                          |              |
| 3. Record Keeping   | 10%                      | 10%          |
| A well-maintained patient record system in place: thorough documentation of patient care and interaction; follow-up system for diagnostic studies, consultation and appointments.   |                          |              |
| 4. Risk Characteristics   | 5%                       | 5%           |
| a. Documented successful completion of an approved office risk analysis/communication skills assessment/risk management on-site visit and/or education program, including an appropriate response to recommendations made.  |                          |              |
| b. Documented attendance at an approved risk management seminar, or successful completion of an approved risk management correspondence course.   |                          |              |

**XIV. Quarterly Installment Option and Monthly Installment Option**

# American Physicians Assurance Corporation

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American Physicians offers the following: (does not apply to ~~Claims-Made Reporting~~)  
Period Extensions ("tail coverage").

|                      |                  |   |
|----------------------|------------------|---|
| 4-pay<br>(quarterly) | 25% down payment | 3 equal installments<br>(Due 4 <sup>th</sup> , 7 <sup>th</sup> , and 10 <sup>th</sup> months).  |
| 9-pay<br>(monthly)   | 15% down payment | 8 equal installments<br>(Due 2 <sup>nd</sup> , 3 <sup>rd</sup> , 4 <sup>th</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> , 7 <sup>th</sup> , 8 <sup>th</sup> , and 9 <sup>th</sup> months). |

- A \$10 installment fee will be applied to all payment plans/per installment except in the event the policy premium is \$500 to \$999 and the installment fee will be waived.
- Installment fees will not be charged on the downpayment portion.
- No interest will be charged.
- Additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any.

### XV. Deductibles Offered

See Countrywide Manual, Section V. for underwriting criteria.

Item C. from the Deductible section in the Countrywide Manual is deleted and replaced with the following: Deductible factors are applied to the \$1,000,000/\$4,000,000 base rate, Section IV, Rating Steps, Item D to derive the deductible credit amount.

| Deductible Amount<br>Per Incident | Indemnity Only<br>Factor | Indemnity and Defense<br>Factor |
|-----------------------------------|--------------------------|---------------------------------|
| \$5,000                           | .01                      | .03                             |
| \$10,000                          | .03                      | .05                             |
| \$15,000                          | .04                      | .08                             |
| \$25,000                          | .07                      | .12                             |
| \$30,000                          | .08                      | .13                             |
| \$50,000                          | .12                      | .19                             |
| \$75,000                          | .16                      | .25                             |
| \$100,000                         | .19                      | .30                             |
| \$200,000                         | .27                      | .43                             |

### XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

### XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.